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Focus on Marketrends

CUSHMAN & WAKEFIELD.

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Focus on Marketrends is Cushman & Wakefield's annual publication presenting a concise picture of the state of office and industrial real estate across the country.

Cushman & Wakefield's commitment to provide accurate and comprehensive market data is reflected in this report. In addition to real estate market information, economic and demographic statistics are supplied to give a context for making informed real estate decisions. Each quarter, market statistics are updated by our national network of market research analysts and presented in ***Across the Nation****, which is available through our offices. Local market reports are also available at many of our locations.*

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The real estate industry will not be insulated from the nation's economic downturn. A general weakening of the real estate markets continued through most of 1990 with overall leasing activity and absorption slowing in most markets. Corporations continued to consolidate or restructure operations, causing a decline in the growth of new jobs.

The lack of available financing in tandem with overbuilding in many markets will result in a slowdown of construction activity during 1991. In the downtown markets surveyed by Cushman & Wakefield, construction completions will total 17.7 million square feet compared to 27.8 million square feet in 1990. In suburban markets, roughly 29.8 million square feet will come on-line in 1991 versus 38.6 million square feet in 1990.

Ongoing development in several CBD markets pushed vacancy rates higher during 1990. With employment growth moderating, the national vacancy rate for CBD markets rose from 15.6% at the end of 1989 to 17.6% at the end of 1990. With limited new construction and a mild recession expected during 1991, many opportunities will be available to cost-conscious space users.

A slowdown in new construction completions in non-CBD markets enabled the vacancy rate to increase only slightly from 21.0% at the end of 1989 to 21.1% at the end of 1990. Many proposed projects will remain on hold until financing and significant tenant commitments become available.

Conditions vary on a regional basis. Texas, for example, experienced its most difficult times during the 1980s and is beginning to witness a turnaround. Markets in the Pacific Northwest, notably Seattle and Portland, are not as seriously overbuilt as other areas and are well poised for development and growth. Preliminary 1990 census figures indicate growing populations in the South and West. This growth in conjunction with lower operating costs, particularly in the South, creates attractive locational alternatives for corporations seeking to reduce costs.

Demand for office space is expected to remain flat as employment growth slows and corporations continue to consolidate operations and lay off employees. The focus will shift to renovation in order to enhance the attractiveness and functionality of existing buildings.

As exporting activities increase, especially in light of the unification of the European Community in 1992, demand for warehousing and distribution space should also increase. Distribution locations, particularly in the Northeast and the Southeast, should benefit due to their logistical advantage.

As the creation of new jobs proceeds at a slower pace in most areas, owners of existing buildings will face increased competition for tenants. Increased concessions available in many markets will provide favorable leasing opportunities through much of 1991.

While on the surface the picture looks bleak for real estate, the industry has entered a corrective period, allowing the oversupply of available space to be absorbed and markets to return to equilibrium.

The slow and steady growth scenario forecast in early 1990 was quickly altered after the invasion of Kuwait by Iraqi troops. Oil prices rose dramatically and then declined rapidly in the initial stages of the Gulf conflict. An extended military conflict may alter this economic scenario increasing oil prices and defense spending, and decreasing consumer confidence.

The second half of 1990 was characterized by economic uncertainty. Actual GNP growth of 1.4% in the third quarter fell below the projected 1.7%. Projections of the GNP annual growth rate fell to 1.6% in the fourth quarter and 0.6% for the first quarter of 1991. While economists debated whether or not the United States had entered a recession—two successive quarters in which GNP growth has declined and unemployment has risen—falling prices returned to the American economy for the first time since the 1930s. By late 1990, deflation was apparent.

Inflation for fourth quarter 1990 was high, but is expected to ease to an annual rate of 4.5–5.0% in 1991. The double digit inflation experienced in earlier recessions (1973–75, 1980 and 1981–82) is not anticipated to recur in the early 1990s.

In response to the economy, consumers and corporations cut spending. Ironically, this may have actually spurred the recession. Weakened growth in disposable income had a negative impact on retail sales which fell in November and remained flat during the holiday season. The automobile and housing markets remained soft. Housing starts, which rose 9.3% in November to 1.13 million for the first time in ten months, are expected to be approximately 1.0 million in 1991, down from 1.63 million starts in 1987. Business investment is also expected to decline as credit markets tighten and financing becomes difficult to obtain.

The Federal Reserve responded to this inactivity by reducing the Federal Funds Rate to 7.25%. The discount rate offered by the New York Federal Reserve was lowered to 6.50% in December. Additional reductions may take place in early 1991 before rates begin to climb again later in the year.

From an industry perspective, service firms will continue to dominate the employment scene as manufacturing employment stabilizes. Unemployment rates will rise as corporations retrench and consolidate in response to the economy. More than a quarter of a million jobs were lost in November and the unemployment rate rose to 5.19% in October, the highest level since October 1987.

On the international front, the dollar continues to lose its strength. As exports increase, the trade deficit should decrease. Imports will decline as a result of higher prices and lack of demand.

In light of these developments, the advent of the European Community can be viewed as a tremendous opportunity. 1992 will open the doors to a single market of over 300 million people. Although the GATT (General Agreement on Tariffs and Trade) talks broke down in early December, it is hoped that new policies espoused by the EC Farm Commission regarding commodity surpluses will advance new discussions.

At the close of 1990 all eyes are focused on the Middle East as the manner in which that conflict is resolved will impact the economy of both the United States and the world.

Boston, Massachusetts

1990 Population (000)	3,753.0
Avg. Ann. Change (1980-90)	0.2%
Avg. Ann. Change (1990-95)	0.1%
Fortune 500 Corporate HQ	
Industrial	17
Service	11
Employment Growth (1990-95)	0.1%
Unemployment Rate	
1989 Annual Average	3.4%
September 1990	5.5%

1990 Review

- Leasing activity resulted from tenants relocating to take advantage of soft market conditions rather than expanding.
- Although asking rental rates were stable, effective rental rates declined as landlords offered generous concession packages.
- The redevelopment of the Midtown Cultural District and the North Station area were delayed due to the slowdown in Massachusetts' economy and the lack of available capital for speculative development.

1991 Outlook

- Due to tight financing, the slowdown in new construction should continue, helping the vacancy rate to decline.
- Biotechnology and communications industry employment is expected to grow. Defense-related industries could suffer due to federal budget cuts.
- Leasing activity and growth are expected to remain at 1990 levels.

Fairfield County, Connecticut

1990 Population (000)	820.0
Avg. Ann. Change (1980-90)	0.1%
Avg. Ann. Change (1990-95)	-0.2%
Fortune 500 Corporate HQ	
Industrial	17
Service	7
Employment Growth (1990-95)	0.8%
Unemployment Rate	
1989 Annual Average	2.4%
September 1990	3.6%

1990 Review

- Maintaining its diversified tenant base, the area continued to attract tenants from New York City and other neighboring areas.
- Asking rental rates stabilized after declining in 1989, while effective rents began to decline.
- Tenants requiring 10,000 sf and less found numerous alternatives, while larger companies had limited options.

1991 Outlook

- Vacancy rates, particularly in class A space, are expected to decline as a lack of financing causes new construction to diminish. Large tenants may be forced to consider secondary space.
- Effective rental rates are expected to rise as landlords offer fewer concessions due to the declining vacancy rate and banks' unwillingness to finance these concessions.
- Transactions are expected to take longer to complete as economic uncertainty prolongs tenants' decision-making.

Hartford, Connecticut

1990 Population (000)	1,119.6
Avg. Ann. Change (1980-90)	0.6%
Avg. Ann. Change (1990-95)	0.5%
Fortune 500 Corporate HQ	
Industrial	4
Service	12
Employment Growth (1990-95)	1.1%
Unemployment Rate	
1989 Annual Average	3.3%
September 1990	4.5%

1990 Review

- Leasing activity was slow due to a sluggish economy. Non-CBD transactions were dominated by insurance-related firms.
- Although asking rental rates remained stable, effective rental rates continued to decline as landlords offered more generous concessions.
- A lack of growth in area businesses coupled with company consolidations resulted in negative net absorption in many areas.

1991 Outlook

- Less migration from the CBD is expected due to the diminishing difference between CBD and non-CBD rental rates.
- Construction starts should remain on hold due to the relatively high vacancy rate and lack of available financing for projects without substantial preleasing.
- Improvements to the highway system are expected to increase accessibility to Hartford County making it a more viable business location.

Long Island, New York

1990 Population (000)	2,645.7
Avg. Ann. Change (1980-90)	0.2%
Avg. Ann. Change (1990-95)	0.1%
Fortune 500 Corporate HQ	
Industrial	4
Service	5
Employment Growth (1990-95)	0.7%
Unemployment Rate	
1989 Annual Average	4.1%
September 1990	4.1%

1990 Review

- The relocation and expansion of existing, diverse tenants accounted for the bulk of leasing activity. Area banks continued to consolidate.
- As vacancy rates increased due to substantial new construction, effective rental rates decreased as lease concessions became more generous.
- Activity in the industrial market was steady and concentrated in the high-technology sector where rental rates stabilized.

1991 Outlook

- With steady demand, vacancy rates are expected to decline as construction diminishes. Effective rental rates in overbuilt markets should also decline.
- The industrial market will continue to see soft market conditions in the warehouse/distribution and manufacturing sectors, while the high-technology sector tightens.
- Expansion by existing tenants, undertaken cautiously, should continue to dominate leasing activity.

New Haven, Connecticut

1990 Population (000)	800.9
Avg. Ann. Change (1980-90)	0.5%
Avg. Ann. Change (1990-95)	0.4%
Fortune 500 Corporate HQ	
Industrial	5
Service	0
Employment Growth (1990-95)	0.8%
Unemployment Rate	
1989 Annual Average	3.5%
September 1990	5.2%

1990 Review

- Several new class A projects caused existing tenants to relocate and prompted other companies to open satellite offices in the area.
- Although asking rental rates remained stable, effective rental rates declined as landlords offered generous lease concessions.
- The new Shore Line East commuter train increased the CBD's accessibility.

1991 Outlook

- The CBD vacancy rate is expected to decline slowly after rising in response to substantial construction deliveries in 1990.
- Due to its increased class A inventory and numerous cultural amenities, New Haven's image as an office market is expected to improve.
- Several CBD tenants are expected to upgrade to higher quality space in response to current market conditions.

Northern New Jersey

1990 Population (000)	3,695.3
Avg. Ann. Change (1980-90)	0.0%
Avg. Ann. Change (1990-95)	0.1%
Fortune 500 Corporate HQ	
Industrial	9
Service	16
Employment Growth (1990-95)	1.0%
Unemployment Rate	
1989 Annual Average	4.4%
September 1990	5.3%

1990 Review

- Substantial class B space was vacated by tenants upgrading to class A space in response to soft market conditions.
- Rental rates in class A projects stabilized while class B rates declined in an effort to remain competitive.
- Corporate consolidations made a significant amount of sublease space available.

1991 Outlook

- As tenants continue to upgrade, class A vacancy rates are expected to decline while class B rates increase.
- Few new construction starts are expected as developers will only be able to begin projects after securing significant preleasing, locating a joint venture partner or funding from internal resources.
- Class A rental rates are expected to remain stable; however, class B landlords should continue to lower rates to attract tenants.

Northern Virginia

1990 Population (000)	3,860.7
Avg. Ann. Change (1980-90)	1.7%
Avg. Ann. Change (1990-95)	1.7%
Fortune 500 Corporate HQ	
Industrial	5
Service	13
Employment Growth (1990-95)	1.7%
Unemployment Rate	
1989 Annual Average	2.7%
September 1990	3.5%

1990 Review

- Vacancy rates increased as steady new construction deliveries combined with decreased office demand.
- Infrastructure improvements, downzoning legislation and affordable housing continued to be important issues confronting local business and government.
- New construction ceased in a majority of industrial markets due to weakening economic conditions and stringent financing requirements.

1991 Outlook

- Increased competition for tenants will cause concession packages, including free rent and improvement allowances, to remain high.
- Vacancy rates should decrease slightly as the existing supply of prime space is absorbed, increasing amounts of relet and sublet space, however, will keep them from falling substantially.
- New construction deliveries will decrease substantially from previous years, with the economic slowdown causing many proposed projects to be postponed.

New York – Downtown

1990 Population (000)	8,630.1
Avg. Ann. Change (1980-90)	0.4%
Avg. Ann. Change (1990-95)	0.3%
Fortune 500 Corporate HQ	
Industrial	42
Service	60
Employment Growth (1990-95)	0.7%
Unemployment Rate	
1989 Annual Average	5.8%
September 1990	7.9%

1990 Review

- Increased leasing activity by public administration, insurance and legal services firms offset decreased demand by financial services companies.
- Weakness in the financial sector including bankruptcies, relocations, mergers and consolidations, resulted in rising vacancy rates and declining rents.
- An uncertain real estate market has forced postponement of new construction until anchor tenants have been secured.

1991 Outlook

- Although no new buildings are scheduled for completion, continued corporate cutbacks and consolidations are expected to increase the supply of available space.
- Vacancy rates will rise in secondary space, particularly in unrenovated buildings.
- Downtown will continue to attract quality tenants seeking competitively priced class A space.

New York – Midtown

1990 Population (000)	8,630.1
Avg. Ann. Change (1980-90)	0.4%
Avg. Ann. Change (1990-95)	0.3%
Fortune 500 Corporate HQ	
Industrial	42
Service	60
Employment Growth (1990-95)	0.7%
Unemployment Rate	
1989 Annual Average	5.8%
September 1990	7.9%

1990 Review

- Legal and accounting firms dominated leasing activity while offshore banks made significant commitments.
- Past zoning incentives to encourage development west of Sixth Avenue led to substantial construction deliveries without any preleasing.
- Vacancy rates rose to the highest levels in over 20 years due to record construction completions, corporate consolidations and a softening economy.

1991 Outlook

- An increasing city deficit, higher taxes, and ongoing infrastructure concerns will influence corporate relocation decisions.
- The pace of new construction will slow as proposed projects are placed on hold until tenants and financing are secured.
- Both asking and effective rental rates will continue to decline as competition for tenants becomes more intense.

Philadelphia, Pennsylvania

1990 Population (000)	4,982.6
Avg. Ann. Change (1980-90)	0.5%
Avg. Ann. Change (1990-95)	0.6%
Fortune 500 Corporate HQ	
Industrial	14
Service	17
Employment Growth (1990-95)	0.8%
Unemployment Rate	
1989 Annual Average	3.8%
September 1990	4.8%

1990 Review

- The growth of law firms in the CBD contributed substantially to strong preleasing activity in the city's newest projects.
- Concerns with the national economy as well as city fiscal problems caused overall leasing activity to decline slightly below last year's levels.
- Asking and effective rental rates in the CBD declined as a result of increased competition and various concessions such as free rent and improvement allowances.

1991 Outlook

- Although no new construction is scheduled for completion in the CBD during 1991, several building rehabilitations will be completed.
- Sublease availabilities should increase in the CBD and become more prevalent in the non-CBD as companies contract.
- The completion of the Blue Route (I-476) in the non-CBD should spark activity along its major connections such as in Plymouth Meeting and between Routes 30 and 76.

Pittsburgh, Pennsylvania

1990 Population (000)	2,065.1
Avg. Ann. Change (1980-90)	0.7%
Avg. Ann. Change (1990-95)	0.9%
Fortune 500 Corporate HQ	
Industrial	12
Service	5
Employment Growth (1990-95)	0.7%
Unemployment Rate	
1989 Annual Average	4.6%
September 1990	4.4%

1990 Review

- Demand for warehouse/distribution and light manufacturing space was moderately strong.
- While minor growth occurred in the legal, financial and engineering sectors, most industry growth has stalled.
- The suburban markets saw increased property taxes which were passed on to tenants in the form of fewer concessions and higher effective rents.

1991 Outlook

- As construction on the new Pittsburgh International Airport continues, interest in the airport area will increase.
- The CBD vacancy rate should continue to decrease as no new construction is scheduled for delivery during 1991.
- The industrial market may continue to slow as the enforcement of environmental laws, lack of financing, and economic uncertainty hinder expansion.

Princeton, New Jersey

1990 Population (000)	1,333.7
Avg. Ann. Change (1980-90)	1.1%
Avg. Ann. Change (1990-95)	1.3%
Fortune 500 Corporate HQ	
Industrial	2
Service	1
Employment Growth (1990-95)	1.0%
Unemployment Rate	
1989 Annual Average	3.0%
September 1990	3.9%

1990 Review

- Leasing activity was steady, led by environmental and engineering firms. Class A rental rates increased while class B rates declined to remain competitive.
- Work began on the new South Brunswick train station which is expected to increase the area's accessibility.
- Most new construction remained on hold due to the lack of available financing.

1991 Outlook

- As demand remains steady and limited new construction is completed, vacancy rates are expected to decline causing class A rental rates to increase.
- Build-to-suit activity should remain strong due to the continued specialized needs of major tenants.
- Development and refurbishment of the area's infrastructure will continue to ease commuter congestion and improve accessibility.

Suburban Washington, D.C.

1990 Population (000)	3,860.7
Avg. Ann. Change (1980-90)	1.7%
Avg. Ann. Change (1990-95)	1.7%
Fortune 500 Corporate HQ	
Industrial	5
Service	13
Employment Growth (1990-95)	1.7%
Unemployment Rate	
1989 Annual Average	2.7%
September 1990	3.5%

1990 Review

- Leasing activity was dominated by the expansion of high-technology and biotechnology firms along the I-270 Corridor.
- Landlord concessions continued to be a significant factor with discounts of 20 to 30 percent offered.
- Increasing vacancy rates were primarily due to moderate leasing of recently completed buildings, an abundance of relet space, and a softening economy.

1991 Outlook

- Further expansion of the Metro's Green and Red lines as well as other infrastructure improvements will enable the suburbs to attract new tenants.
- Speculative construction will be virtually nonexistent as developers must obtain significant preleasing commitments prior to commencing construction.
- Depending on federal spending, Government Services Administration-affiliated tenants should continue to generate strong demand.

Washington, D.C.

1990 Population (000)	3,860.7
Avg. Ann. Change (1980-90)	1.7%
Avg. Ann. Change (1990-95)	1.7%
Fortune 500 Corporate HQ	
Industrial	5
Service	13
Employment Growth (1990-95)	1.7%
Unemployment Rate	
1989 Annual Average	2.7%
September 1990	3.5%

1990 Review

- Rental rates for new buildings increased slightly while those for relet space remained steady. Increased concessions, however, offset the rise in rental rates.
- The East End submarket witnessed the greatest amount of new construction activity with 70 percent of all deliveries.
- Leasing activity remained strong, boosted by activity in the government sector.

1991 Outlook

- Vacancy rates are expected to increase due to projected construction deliveries which will be especially sharp in the East End and Capitol Hill submarkets.
- Asking rental rates should stabilize as competition increases, while effective rates will decline due to increasing concession packages.
- Lower land costs in the Capitol Hill area, resulting in lower rental rates, will continue to entice cost-conscious tenants to this growing market.

Westchester County, New York

1990 Population (000)	860.0
Avg. Ann. Change (1980-90)	0.9%
Avg. Ann. Change (1990-95)	-0.1%
Fortune 500 Corporate HQ	
Industrial	4
Service	3
Employment Growth (1990-95)	0.7%
Unemployment Rate	
1989 Annual Average	3.7
September 1990	3.5

1990 Review

- Both vacancy and rental rates remained stable, as the county continued to have one of the lowest vacancy rates in the nation.
- The majority of leasing transactions were 5,000 sf and less. Due to softening market conditions, landlords took a more aggressive approach in attracting tenants.
- Four noted Westchester developers along with the county joined together to attract tenants to the area through a major advertising campaign.

1991 Outlook

- As area firms consolidate, an increase in available sublease space is expected, causing vacancy rates to increase and rental rates to decline.
- New construction will be limited as financing becomes increasingly difficult to secure.
- Relocations from class B to class A space reflect a growing trend as market conditions continue to soften.

Chicago, Illinois

1990 Population (000)	6,259.6
Avg. Ann. Change (1980-90)	0.3%
Avg. Ann. Change (1990-95)	0.2%
Fortune 500 Corporate HQ	
Industrial	40
Service	31
Employment Growth (1990-95)	0.8%
Unemployment Rate	
1989 Annual Average	5.5%
September 1990	6.5%

1990 Review

- Leasing activity in the CBD fell below last year's level with small banks, government agencies and insurance firms constituting the majority of demand.
- Rental rates increased moderately in both the CBD and non-CBD reflecting the higher asking rates in newly constructed buildings.
- Suburban activity gained momentum during the latter half of the year, due to the migration of companies into the area as well as expansions by existing tenants.

1991 Outlook

- Asking rental rates should remain level; effective rates, however, will decline as landlords become more aggressive in attracting tenants.
- Vacancy rates in both the CBD and non-CBD should remain near current levels as new construction deliveries and starts decline.
- The sublease market may become an attractive option for tenants seeking affordable space.

Detroit, Michigan

1990 Population (000)	4,359.2
Avg. Ann. Change (1980-90)	-0.3%
Avg. Ann. Change (1990-95)	-0.1%
Fortune 500 Corporate HQ	
Industrial	5
Service	12
Employment Growth (1990-95)	0.6%
Unemployment Rate	
1989 Annual Average	7.1%
September 1990	7.0%

1990 Review

- Downtown witnessed a surge of new construction completions, while completions in the suburbs were well below last year's levels.
- In addition to the usual activity from automotive-related firms, the industrial market experienced an increase in activity from high-technology companies.
- Leasing transactions in the CBD were dominated by the relocation of law firms, advertising agencies and banks into class A buildings.

1991 Outlook

- Class A rental rates should increase as new construction completions decline and demand remains strong in the non-CBD.
- The approved $1.6 billion expansion of the Metro Detroit Airport will likely increase demand for industrial space in the area.
- Class A vacancy rates in both the CBD and non-CBD should continue to decline as new construction tapers off and existing space is absorbed.

Atlanta, Georgia

1990 Population (000)	2,872.1
Avg. Ann. Change (1980-90)	3.0%
Avg. Ann. Change (1990-95)	2.5%
Fortune 500 Corporate HQ	
Industrial	8
Service	13
Employment Growth (1990-95)	2.4%
Unemployment Rate	
1989 Annual Average	5.1%
September 1990	6.4%

1990 Review

- Net absorption was buoyed by several large transactions including AT&T's consolidation of operations from around the country to the Midtown market.
- While the CBD vacancy rate rose primarily due to the completion of 191 Peachtree Street, the overall vacancy declined due to slowing levels of new construction and steady absorption.
- Vacancy rates for industrial space increased slightly, but remained in the mid-teens as companies consolidated or closed locations.

1991 Outlook

- The overall vacancy rate should decline slightly as office absorption keeps slightly ahead of new construction deliveries.
- Atlanta's hosting of the 1996 Olympics is expected to create over 84,000 new jobs over the next six years and help boost office absorption levels.
- As the market tightens, effective rental rates will increase with landlords offering fewer concessions to attract tenants.

Austin, Texas

1990 Population (000)	790.0
Avg. Ann. Change (1980-90)	3.9%
Avg. Ann. Change (1990-95)	2.3%
Fortune 500 Corporate HQ	
Industrial	0
Service	0
Employment Growth (1990-95)	2.3%
Unemployment Rate	
1989 Annual Average	5.4%
September 1990	4.7%

1990 Review

- Relocations and expansions by state agencies, Austin Independent School District, and Austin Community College helped boost net absorption in the area.
- The construction and pre-marketing of Austin's new convention center focused the attention of businesses and purchasers on the CBD.
- A growing shortage of large blocks of contiguous space in all types of industrial space caused a significant level of build-to-suit activity.

1991 Outlook

- Continued improvement in the local economy coupled with steady net absorption will cause vacancy rates to decline further.
- Although rental rates have remained fairly stable or drifted upward, prices should begin to rise more decisively as the market tightens.
- In the industrial market, build-to-suit activity will continue while rental rates are expected to increase moderately.

Boca Raton, Florida

1990 Population (000)	870.0
Avg. Ann. Change (1980-90)	4.2%
Avg. Ann. Change (1990-95)	3.3%
Fortune 500 Corporate HQ	
Industrial	0
Service	0
Employment Growth (1990-95)	3.1%
Unemployment Rate	
1989 Annual Average	6.0%
September 1990	7.1%

1990 Review

- The completion of three newly constructed office buildings caused the vacancy rate to increase.
- Leasing activity was particularly strong, with the majority of transactions between 1,500 and 5,000 sf.
- Several companies relocated to Boca Raton from neighboring Broward and Dade counties, reaffirming its viability as an office location.

1991 Outlook

- New construction will taper off dramatically as only one new office building will be completed, allowing for the absorption of excess supply.
- Leasing activity will remain strong as new tenants are attracted by generous lease concessions and an abundance of new office space.
- Asking rental rates should hold steady while aggressive tenant concessions will hold effective rates lower.

Dallas, Texas

1990 Population (000)	2,570.3
Avg. Ann. Change (1980-90)	2.8%
Avg. Ann. Change (1990-95)	1.8%
Fortune 500 Corporate HQ	
Industrial	17
Service	16
Employment Growth (1990-95)	1.8%
Unemployment Rate	
1989 Annual Average	5.5%
September 1990	5.4%

1990 Review

- Leasing activity was brisk with the majority of activity attributed to government agencies, such as the Resolution Trust Corporation, and service-related companies.
- Class A rental rates rose during the year due to strong activity in these buildings, while tenant concessions declined.
- Total absorption fell well below last year's levels as companies consolidated and reevaluated space needs.

1991 Outlook

- Vacancy rates should increase in some areas as large existing tenants move into build-to-suit projects in 1991 and early 1992.
- Rental rates for the industrial market are expected to increase slightly as vacancy rates fall.
- A lack of new construction deliveries will continue as financing remains scarce.

Fort Lauderdale, Florida

1990 Population (000)	1,227.3
Avg. Ann. Change (1980-90)	1.9%
Avg. Ann. Change (1990-95)	1.7%
Fortune 500 Corporate HQ	
Industrial	0
Service	0
Employment Growth (1990-95)	3.1%
Unemployment Rate	
1989 Annual Average	5.1%
September 1990	5.6%

1990 Review

- The CBD vacancy rate increased as certain financial services companies consolidated or discontinued operations.
- Leasing activity in the CBD remained slow while activity in the suburbs gained momentum.
- Preleasing of newly constructed buildings was strong as tenants took advantage of market conditions and upgraded locations.

1991 Outlook

- The CBD will experience upward pressure on both the vacancy and rental rates as two newly constructed buildings will be delivered during 1991.
- The Broward County non-CBD market will continue to experience positive absorption and active leasing.
- Recently completed highway infrastructure improvements in West Broward will spur the relocation of businesses to the area.

Houston, Texas

1990 Population (000)	3,260.6
Avg. Ann. Change (1980-90)	1.8%
Avg. Ann. Change (1990-95)	0.4%
Fortune 500 Corporate HQ	
Industrial	15
Service	11
Employment Growth (1990-95)	1.6%
Unemployment Rate	
1989 Annual Average	5.9%
September 1990	5.5%

1990 Review

- Strong leasing activity coupled with no new construction resulted in positive net absorption and increased rental rates.
- The migration of tenants from the higher-priced CBD and West Loop markets to the suburbs increased.
- Commercial building sales increased while foreclosures decreased indicating improved investor confidence.

1991 Outlook

- Steady demand and limited new construction should allow vacancy rates to continue to decline.
- As the class A market tightens and large users are forced to consider class B space, rental rates in both markets are expected to rise.
- Renovations are expected to become more prevalent as commercial investors find them easier to finance than new construction.

Louisville, Kentucky

1990 Population (000)	968.8
Avg. Ann. Change (1980-90)	0.1%
Avg. Ann. Change (1990-95)	0.0%
Fortune 500 Corporate HQ	
Industrial	1
Service	2
Employment Growth (1990-95)	0.7%
Unemployment Rate	
1989 Annual Average	5.5%
September 1990	5.7%

1990 Review

- Lack of available space in the CBD caused rental rates to firm up, while rates in the non-CBD declined as developers attempted to attract tenants.
- Leasing activity remained steady with the majority of transactions ranging from 3,000 to 10,000 sf.
- Several processing centers including divisions of Prudential Insurance Company and Sears, Roebuck and Co. expanded operations.

1991 Outlook

- With no construction completions scheduled in the CBD and minimal completions scheduled for the suburbs, both vacancy rates should decline.
- Industrial activity should remain stable while any new product will either be build-to-suit or speculative construction with significant preleasing.
- The city will focus on attracting new business along with finalizing the airport expansion project during the year.

Memphis, Tennessee

1990 Population (000)	996.3
Avg. Ann. Change (1980-90)	0.9%
Avg. Ann. Change (1990-95)	0.9%
Fortune 500 Corporate HQ	
Industrial	1
Service	3
Employment Growth (1990-95)	2.1%
Unemployment Rate	
1989 Annual Average	4.7%
September 1990	4.8%

1990 Review

- Leasing activity and net absorption were slightly below historical averages despite numerous lease transactions of 50,000 sf and over.
- Non-CBD effective rental rates rose slightly while those in the CBD stabilized with concessions including above-standard improvements and free rent.
- Industrial activity remained strong as major distribution companies relocated or expanded due to Memphis' central location, competitive wage rates and quality of life.

1991 Outlook

- The overall CBD vacancy rate should remain steady with class A properties benefitting from tenants stepping up from class B locations.
- Non-CBD development will occur on and near the new transportation corridors of Nonconnah Parkway and Germantown Parkway.
- Although asking rental rates are expected to remain steady, effective rates will rise.

Miami, Florida

1990 Population (000)	1,854.2
Avg. Ann. Change (1980-90)	1.3%
Avg. Ann. Change (1990-95)	1.2%
Fortune 500 Corporate HQ	
Industrial	2
Service	6
Employment Growth (1990-95)	2.0%
Unemployment Rate	
1989 Annual Average	6.4%
September 1990	6.9%

1990 Review

- Rental rates declined slightly as a result of higher vacancy rates and a softening economy.
- Negative absorption in the CBD overshadowed positive absorption in the non-CBD, resulting in a negative total for the area.
- Development plans for both office and industrial projects were delayed in response to the downturn in the economy.

1991 Outlook

- The suburban markets will become further established as viable alternatives to downtown and Brickell Avenue.
- Low levels of absorption will continue in the CBD through early 1991.
- The long-term economic benefit of this downturn may be to encourage moderate growth, rather than the boom and bust cycles that have historically overwhelmed Miami.

Nashville, Tennessee

1990 Population (000)	1,005.6
Avg. Ann. Change (1980-90)	1.7%
Avg. Ann. Change (1990-95)	1.7%
Fortune 500 Corporate HQ	
Industrial	0
Service	3
Employment Growth (1990-95)	1.8%
Unemployment Rate	
1989 Annual Average	3.8%
September 1990	4.3%

1990 Review

- Leasing activity slowed with transactions averaging less than 25,000 sf. Larger transactions were primarily build-to-suit.
- Healthcare, communications and service industries continued to grow, providing economic stability and leasing opportunities.
- While office and industrial absorption were low, both remained slightly higher than last year's levels.

1991 Outlook

- The continued expansion of the Metro Nashville Airport will enhance the city's presence as a business location.
- Vacancy rates should hold steady while availabilities of large blocks of contiguous, class A office space and warehouse facilities will remain limited.
- Little if any speculative office space is expected to be added while industrial construction should remain moderate to slow.

Orlando, Florida

1990 Population (000)	1,034.1
Avg. Ann. Change (1980-90)	4.0%
Avg. Ann. Change (1990-95)	3.1%
Fortune 500 Corporate HQ	
Industrial	1
Service	1
Employment Growth (1990-95)	3.0%
Unemployment Rate	
1989 Annual Average	5.1%
September 1990	5.7%

1990 Review

- Leasing activity was spurred by the expansion of major law firms and telecommunications companies both downtown and in the suburbs.
- The Southwest area, supported by the Walt Disney Company and the movie industry, emerged as a growing market.
- Driven by high vacancy rates and a slowing economy, landlords continued to offer aggressive lease concessions to attract tenants.

1991 Outlook

- Orlando's overall vacancy rate should decline due to steady demand and no new construction deliveries scheduled.
- Rental rates should remain steady until the market begins to tighten late in the year.
- The growth of the airport area and expansion of major highway systems will continue to fuel industrial growth in the south end of town.

San Antonio, Texas

1990 Population (000)	1,368.4
Avg. Ann. Change (1980-90)	2.5%
Avg. Ann. Change (1990-95)	1.6%
Fortune 500 Corporate HQ	
Industrial	3
Service	1
Employment Growth (1990-95)	1.5%
Unemployment Rate	
1989 Annual Average	7.3%
September 1990	7.1%

1990 Review

- Despite several corporate and government relocations and expansions, the vacancy rate decreased only minimally due to the downsizing of troubled local industries.
- As tenants migrated from class B to class A buildings, rental rates for class A space rose while those for class B space declined.
- Telemarketing and telecommunications firms demonstrated strong interest in the area due to affordable rental rates, inexpensive labor and modern fiber optics communication systems.

1991 Outlook

- Vacancy rates are expected to decline as business growth increases.
- With growing demand, class A rental rates should gradually increase while rates for class B and C space are expected to remain the same.
- Lack of available financing and comparatively high vacancy rates should continue to discourage new construction.

Tampa, Florida

1990 Population (000)	2,079.3
Avg. Ann. Change (1980-90)	2.6%
Avg. Ann. Change (1990-95)	2.0%
Fortune 500 Corporate HQ	
Industrial	2
Service	3
Employment Growth (1990-95)	2.1%
Unemployment Rate	
1989 Annual Average	5.0%
September 1990	5.2%

1990 Review

- Asking rental rates declined while effective rates remained rather constant due to fewer concessions.
- Leasing activity was dominated by deals ranging from 1,500 to 5,000 sf, with only a few deals of 20,000 sf or greater completed in the suburbs.
- The rising vacancy rate in the CBD was due in part to the relocation of firms to the suburbs and the completion of the 419,000-square foot Two Mack Center.

1991 Outlook

- The suburban market will continue to tighten as the vacancy rate decreases and no significant replacement construction is planned.
- No new construction is scheduled for delivery in the CBD or suburban markets until 1992.
- With the slowdown in the national economy and more stringent financing requirements, major development projects will be put on hold.

West Palm Beach, Florida

1990 Population (000)	873.2
Avg. Ann. Change (1980-90)	4.2%
Avg. Ann. Change (1990-95)	3.3%
Fortune 500 Corporate HQ	
Industrial	0
Service	1
Employment Growth (1990-95)	3.1%
Unemployment Rate	
1989 Annual Average	5.0%
September 1990	7.1%

1990 Review

- Tenant concessions decreased in the CBD as vacancy rates declined and large contiguous blocks of space became scarce.
- Leasing activity in the suburbs was strong with most transactions in the 5,000 to 5,000 sf range.
- Vacancy rates held steady as no new construction occurred downtown and only minimal construction was delivered in the suburbs.

1991 Outlook

- Leasing activity will continue at the current level, with most deals in the 2,500 to 5,000 sf range.
- Vacancy and rental rates are expected to hold steady due to the lack of new construction deliveries.
- Future proposed projects are expected to remain on hold as developers remain cautious in light of the national and local economies.

Bellevue, Washington

1990 Population (000)	1,948.4
Avg. Ann. Change (1980-90)	1.9%
Avg. Ann. Change (1990-95)	2.2%
Fortune 500 Corporate HQ	
Industrial	3
Service	8
Employment Growth (1990-95)	1.9%
Unemployment Rate	
1989 Annual Average	4.6%
September 1990	3.4%

1990 Review

- Strong net absorption resulted in declining vacancy rates and increasing rental rates as lease concessions diminished.
- The Bellevue City Council approved a Developer Impact Fee Schedule allowing new construction in the CBD provided that fee requirements regarding traffic improvement costs are met.
- In the non-CBD markets, 65% of new construction was pre-leased, mainly by large firms such as Boeing and Univar, limiting the options of smaller tenants.

1991 Outlook

- Vacancy rates should continue their decline as steady demand is met with limited new construction.
- Rental rates in the Eastside area should continue to rise with additional reductions in lease concessions.
- Growth issues, rising development costs and tight financing will make future speculative development difficult unless significant preleasing is obtained.

Beverly Hills Century City, California

1990 Population (000)	8,904.7
Avg. Ann. Change (1980-90)	1.8%
Avg. Ann. Change (1990-95)	1.7%
Fortune 500 Corporate HQ	
Industrial	12
Service	30
Employment Growth (1990-95)	1.5%
Unemployment Rate	
1989 Annual Average	4.7%
September 1990	6.1%

1990 Review

- Contrary to 1989, activity slowed considerably due to the financial troubles of area savings and loans, commercial banks and other companies.
- Declining demand coupled with increasing supply gave tenants the advantage over landlords as lease concessions increased.
- A significant amount of sublease space was made available due to tenants' consolidations and relocations to new construction prior to existing lease expirations.

1991 Outlook

- Despite a slowdown in the market and a weaker economy, opportunities should be abundant for creative owners and tenants.
- With additional construction completions and limited demand, both vacancy rates and lease concessions are expected to increase.
- Financial and business service firms should continue to consolidate while entertainment and law firms are expected to remain active in the market.

Contra Costa, California

1990 Population (000)	2,072.4
Avg. Ann. Change (1980-90)	1.6%
Avg. Ann. Change (1990-95)	1.6%
Fortune 500 Corporate HQ	
Industrial	2
Service	4
Employment Growth (1990-95)	1.6%
Unemployment Rate	
1989 Annual Average	4.2%
September 1990	4.5%

1990 Review

- Leasing activity primarily consisted of relocations and expansions within the market.
- As market conditions tightened, lease concessions such as free rent and above-standard tenant improvements decreased.
- New construction slowed due to the faltering economy.

1991 Outlook

- Steady demand and a slowdown in new construction completions are expected to result in declining vacancy rates and rising rental rates.
- Improvements to the I-680/24 Freeways and the proposed BART extensions are expected to attract tenant relocations.
- The Concord and Pleasanton submarkets should witness the majority of activity because of large inventories and attractive rental rates.

Denver, Colorado

1990 Population (000)	1,656.3
Avg. Ann. Change (1980-90)	1.5%
Avg. Ann. Change (1990-95)	0.5%
Fortune 500 Corporate HQ	
Industrial	4
Service	4
Employment Growth (1990-95)	1.5%
Unemployment Rate	
1989 Annual Average	5.4%
September 1990	3.7%

1990 Review

- Vacancy rates declined as net absorption topped 1.0 msf for the first time since the mid-1980s.
- Overall rental rates increased as much as 10 to 20 percent in some of the CBD's class A buildings.
- The availability of large contiguous blocks of space decreased, particularly in class A buildings.

1991 Outlook

- Vacancy rates are expected to continue to decline with net absorption remaining at 1990 levels.
- Construction of the new airport and an increase in convention activity are expected to help offset any negative effects of the economy.
- Interest in the market by investors from both the East and West coasts will increase as Denver's upside potential is recognized.

Los Angeles North, California

1990 Population (000)	678.0
Avg. Ann. Change (1980-90)	2.4%
Avg. Ann. Change (1990-95)	1.6%
Fortune 500 Corporate HQ	
Industrial	0
Service	0
Employment Growth (1990-95)	2.3%
Unemployment Rate	
1989 Annual Average	5.1%
September 1990	6.9%

1990 Review

- Entertainment companies dominated leasing activity in the East Valley, while insurance firms were active in the West Valley.
- The West Valley saw effective rental rates decline as landlords offered generous lease concessions; the opposite was true in the East Valley.
- Overall vacancy rates increased significantly due to substantial new construction deliveries.

1991 Outlook

- Asking rental rates should remain stable, but effective rates are expected to decline in the West Valley.
- Many proposed projects will remain on hold due to substantial difficulty in obtaining financing, even though anchor tenants may be secured.
- Full implementation of growth and traffic control plans along Ventura Boulevard, the Burbank Media District and in Warner Center will limit the size and density of future projects.

Los Angeles South, California

1990 Population (000)	8,904.7
Avg. Ann. Change (1980-90)	1.8%
Avg. Ann. Change (1990-95)	1.7%
Fortune 500 Corporate HQ	
Industrial	12
Service	30
Employment Growth (1990-95)	1.5%
Unemployment Rate	
1989 Annual Average	4.7%
September 1990	6.1%

1990 Review

- The decline of the aerospace industry resulted in significant amounts of commercial and industrial space becoming available.
- Economic uncertainty caused many tenants to show caution resulting in a slowdown in leasing activity.
- Soft market conditions caused many landlords to offer generous lease concessions in an effort to attract tenants.

1991 Outlook

- New construction completions coupled with an uncertain economic climate are expected to result in rising vacancy rates and decreasing rental rates.
- The Long Beach area should benefit from anticipated capital improvements to the port which would increase its capacity.
- Aerospace consolidations and cutbacks are expected to continue to affect both the commercial and industrial real estate markets adversely.

Los Angeles Downtown, California

1990 Population (000)	8,904.7
Avg. Ann. Change (1980-90)	1.8%
Avg. Ann. Change (1990-95)	1.7%
Fortune 500 Corporate HQ	
Industrial	12
Service	30
Employment Growth (1990-95)	1.5%
Unemployment Rate	
1989 Annual Average	4.7%
September 1990	6.1%

1990 Review

- Leasing activity resulted from existing tenants relocating to new buildings. Primary space-users were law and business service firms.
- Suburban tenants continued to migrate to areas such as Glendale, Burbank and Pasadena due to the high-quality buildings, available parking and proximity to labor.
- The first stage of Los Angeles' light rail system began service, hoping to lessen congestion Downtown.

1991 Outlook

- A rise in vacancy rates is expected due to significant construction completions and renovations, and the increased availability of second-generation space.
- Construction of many proposed buildings will be delayed due to slow preleasing and tightening credit availability restricting supply in the long run.
- Commercial growth control measures enacted in the Los Angeles area should serve to curb future development.

Newport Beach/Irvine, California

1990 Population (000)	2,344.2
Avg. Ann. Change (1980-90)	1.8%
Avg. Ann. Change (1990-95)	1.7%
Fortune 500 Corporate HQ	
Industrial	1
Service	7
Employment Growth (1990-95)	2.4%
Unemployment Rate	
1989 Annual Average	2.9%
September 1990	3.8%

1990 Review

- Overall leasing activity declined due to uncertainty regarding the economy.
- Rental rates fell slightly as the market slowed.
- Many area businesses consolidated in response to economic conditions, leading to significant sublease availabilities which further increased the vacancy rate.

1991 Outlook

- Stiff competition for tenants should continue with vacancy and rental rates remaining at 1990 levels. New construction is expected to slow significantly due to the lack of available financing.
- Office projects will most likely see competition from high-end research and development buildings as tenants seek lower cost space alternatives.
- The South County submarket should experience steady demand as the completion of new retail space adds to its desirability.

Oakland, California

1990 Population (000)	2,072.4
Avg. Ann. Change (1980-90)	1.6%
Avg. Ann. Change (90-95)	1.6%
Fortune 500 Corporate HQ	
Industrial	2
Service	4
Employment Growth (1990-95)	1.6%
Unemployment Rate	
1989 Annual Average	4.2%
September 1990	4.5%

1990 Review

- Leasing activity was relatively strong due to earthquake-related moves and growth in the health care, government and shipping sectors.
- Expansion of biotechnology and computer software firms near the University of California at Berkeley continued to have a positive impact on the market.
- Effective rental rates increased as fewer concessions were offered by landlords.

1991 Outlook

- The fate of Oakland's long-awaited retail mall should be determined this year. The proposed project is expected to rejuvenate the Oakland CBD if completed.
- Although several developers continue to research the feasibility of high-rise commercial development in Oakland, it is unlikely that any significant new construction will commence.
- The slowdown in construction completions should allow vacancy rates to decline and rental rates to increase provided demand remains stable.

Ontario, California

1990 Population (000)	2,479.4
Avg. Ann. Change (1980-90)	4.8%
Avg. Ann. Change (1990-95)	4.3%
Fortune 500 Corporate HQ	
Industrial	1
Service	0
Employment Growth (1990-95)	2.2%
Unemployment Rate	
1989 Annual Average	5.7%
September 1990	7.8%

1990 Review

- As class A vacancy rates decreased, a dramatic increase in the construction of larger high-rise class A projects occurred.
- The approval of Measure I and Propositions 108, 111 and 116 made several transportation projects possible.
- Industrial effective rental rates declined as lease concessions, including free rent and tenant improvement allowances, increased.

1991 Outlook

- Commercial vacancy rates should decline as 1990's construction deliveries are absorbed. The average office lease size is expected to increase as class A inventory is able to accommodate larger corporate tenants.
- Industrial vacancy rates are expected to remain stable while effective rental rates should continue their decline due to increased lease concessions.
- Changes and improvements to Ontario International Airport are expected to bring additional business to the area.

Orange/Anaheim, California

1990 Population (000)	2,344.2
Avg. Ann. Change (1980-90)	1.9%
Avg. Ann. Change (1990-95)	1.8%
Fortune 500 Corporate HQ	
Industrial	1
Service	7
Employment Growth (1990-95)	2.4%
Unemployment Rate	
1989 Annual Average	2.9%
September 1990	3.8%

1990 Review

- Net absorption was strong during the first half of 1990 but declined during the second half as economic uncertainty increased.
- Fewer construction completions coupled with declining vacancy rates resulted in reduced lease concessions and increased effective rental rates. Class A availabilities of 40,000 sf and over diminished significantly.
- Tenant migration from peripheral areas of Orange County into the Tri-Freeway area continued.

1991 Outlook

- Vacancy rates are expected to decline as the trend of large Los Angeles basin tenants reorganizing operations and expanding into Orange County continues.
- Transportation issues will remain the focus of local politics as freeway improvements continue.
- Future development will continue to be contingent upon the signing of anchor tenants and the availability of financing.

Phoenix, Arizona

1990 Population (000)	2,130.9
Avg. Ann. Change (1980-90)	3.5%
Avg. Ann. Change (1990-95)	2.6%
Fortune 500 Corporate HQ	
Industrial	1
Service	5
Employment Growth (1990-95)	2.1%
Unemployment Rate	
1989 Annual Average	4.3%
September 1990	4.0%

1990 Review

- Despite strong leasing activity and net absorption, significant construction completions prevented the vacancy rate from declining substantially.
- Asking rental rates remained stable; many landlords, however, began to advertise effective rents and offer creative concessions to attract tenants.
- Several credit card processing centers and telecommunications companies relocated to or expanded in the non-CBD markets, contributing significantly to market activity.

1991 Outlook

- With steady demand, vacancy rates are expected to decrease as construction completions decline. Rental rates should remain stable as landlords continue to compete for tenants.
- The anticipated completion of portions of three major freeways will improve access to the CBD from outlying areas.
- Investment opportunities are expected to remain strong as the Resolution Trust Corporation brings additional properties to the market.

Portland, Oregon

1990 Population (000)	1,226.7
Avg. Ann. Change (1980-90)	1.0%
Avg. Ann. Change (1990-95)	1.4%
Fortune 500 Corporate HQ	
Industrial	4
Service	5
Employment Growth (1990-95)	0.9%
Unemployment Rate	
1989 Annual Average	4.5%
September 1990	4.5%

1990 Review

- Although asking rents remained stable, effective rents increased as declining vacancy rates led to fewer lease concessions.
- Net absorption in the CBD declined while the suburban market continued to see strong net absorption totalling approximately 600,000 sf.
- The industrial market continued its strong growth fueled by the expansion of the state's economy.

1991 Outlook

- Vacancy rates are expected to continue to decline as healthy demand is met by limited new construction. Rental rates are expected to continue increasing.
- Due to tightening market conditions in the non-CBD, many back office users will look to high technology/flex space as an alternative.
- The industrial market should remain strong as decreasing vacancy rates continue to push rental rates upward.

San Francisco, California

1990 Population (000)	1,617.3
Avg. Ann. Change (1980-90)	0.8%
Avg. Ann. Change (1990-95)	0.7%
Fortune 500 Corporate HQ	
Industrial	4
Service	12
Employment Growth (1990-95)	1.2%
Unemployment Rate	
1989 Annual Average	3.3%
September 1990	3.7%

1990 Review

- Both tenants and developers showed caution as leasing activity and net absorption declined.
- Vacancy rates rose during the second half as new construction was delivered with minimal preleasing.
- Although CBD asking rental rate ranges remained unchanged, weighted average class A asking rents increased approximately 6.5%.

1991 Outlook

- A slowdown in construction is expected due to the growing impact of regulatory controls and a lack of available financing.
- The trend of declining vacancy rates should continue, although short term increases may occur as construction is completed with little preleasing.
- Proposition L, which would have exempted the proposed Mission Bay Project's 4.8 mil from Proposition M's square footage cap, was defeated by voters. As a result, future development may be further reduced.

San Francisco Peninsula, California

1990 Population (000)	1,617.3
Avg. Ann. Change (1980-90)	0.8%
Avg. Ann. Change (1990-95)	0.7%
Fortune 500 Corporate HQ	
Industrial	4
Service	12
Employment Growth (1990-95)	1.2%
Unemployment Rate	
1989 Annual Average	3.3%
September 1990	3.7%

1990 Review

- Although leasing activity was sluggish, several large transactions occurred involving IBM, Northern Telecom and Verifone which took advantage of the competitive marketplace.
- Rental rates for class A properties stabilized despite an increase in vacancy rates.
- Industrial rental rates remained unchanged, as slow but steady leasing activity coupled with limited new construction reduced vacancy rates.

1991 Outlook

- Vacancy rates are expected to decrease moderately due to a lack of construction deliveries.
- Rental rates are expected to remain stable as developers compete more feverishly for a diminishing number of potential tenants.
- Industrial rental rates should hold firm as minimal new construction is expected.

San Jose, California

1990 Population (000)	1,466.8
Avg. Ann. Change (1980-90)	1.3%
Avg. Ann. Change (1990-95)	1.2%
Fortune 500 Corporate HQ	
Industrial	12
Service	1
Employment Growth (1990-95)	1.4%
Unemployment Rate	
1989 Annual Average	3.8%
September 1990	4.4 %

1990 Review

- Both commercial and industrial leasing activity slowed.
- Office users began to occupy research and development space because of its lower occupancy cost and high-quality finish.
- In both the commercial and industrial sectors, many proposed projects remained in the planning stages as developers waited for rental rates to increase to cover the cost of construction.

1991 Outlook

- Economic uncertainty is expected to cause slow leasing activity as both industrial and commercial tenants remain cautious.
- A few large transactions involving the expansion of corporate headquarters are expected to take place as firms take advantage of soft market conditions.
- New construction is expected to remain stalled unless rental rates increase by at least 20% and financing becomes more readily available.

Seattle, Washington

1990 Population (000)	1,948.4
Avg. Ann. Change (1980-90)	1.9%
Avg. Ann. Change (1990-95)	2.2%
Fortune 500 Corporate HQ	
Industrial	3
Service	8
Employment Growth (1990-95)	1.9%
Unemployment Rate	
1989 Annual Average	4.6%
September 1990	3.4%

1990 Review

- Overall CBD leasing activity slowed, while in the suburban markets Boeing continued its strong influence.
- Notable new construction continued in the suburban markets; development in the CBD, however, remained uncertain due to financing difficulties.
- The completion of the Metro bus tunnel downtown improved commuter access.

1991 Outlook

- While developers continue to experience financing problems, several proposed projects in the CBD will remain on hold indefinitely.
- As demand stabilizes, vacancy rates are expected to continue to decline, resulting in a moderate increase in rental rates.
- Current growth and transportation plans in the CBD are expected to encourage higher density development.

Points of Information

All market data are based on November 15, 1990 figures.

Cushman & Wakefield supplies the market with the most comprehensive and up-to-date information possible. In each market survey, the numbers may vary somewhat due to building additions, deletions or other changes; therefore, inventory numbers may not match those reported last year.

Facts on Market trends vacancy rates reflect both direct and sublet availabilities. Actual end-of-the-year vacancies will be reported in the 4th quarter Across the Nation.

Construction Deliveries

1990: Buildings which were completed by November 15, 1990 and any other projects which in all likelihood were completed by December 31, 1990.

1991: Buildings either under construction (project has broken ground) or proposed (project is in planning stages, has not broken ground yet) which have estimated completion dates in 1991.

1992: Buildings either under construction or proposed which have estimated completion dates in 1992.

Inventory Rates

Only buildings with a CFO (Certificate for Occupancy) as of December 31, 1990 are included in the 1990 inventory figures. Excludes owner-occupied buildings, government and medical facilities, and buildings under construction or proposed.

Vacancy Rates

Space available both directly and through sublease, divided by the inventory. Space in buildings under construction is not included.

New Construction

Buildings completed, with their CFO, in the stated year. In this report, it is buildings completed in 1990.

Rental Rates

Office rents represent gross annual asking rates. The weighted average does not include sublet space. Industrial rental rates represent triple net annual asking rates.

The weighted average rental rate represents an average rental rate which is weighted by the amount of square footage available at each respective rental rate.

Class A

Buildings that are well-located, professionally managed, attract high-quality tenants and command upper-tier rental rates. Structures are modern with high finish or have been modernized to successfully compete with newer buildings.

CBD

The central business district or core downtown area which is the focus of most activity for surrounding areas, as defined by the local Cushman & Wakefield branch.

Non-CBD

The surrounding area of the CBD. In some cases there is no defined CBD due to development trends and the lack of a dominant economic area. Subject to change as areas mature.

Net Absorption

The net change in occupied space for a given period of time excluding sublet space and preleasing activity.

Leasing Activity

The sum of all completed transactions in a given period of time including sublet space but excluding preleasing.

Demographics

Population data have been provided by Equifax Marketing Decision Systems, Inc. 1990 figures are estimates; 1995 figures are projections.

Unemployment data were obtained from the Department of Labor, Bureau of Labor Statistics.

Employment growth data represent average annual forecasts provided by the WEFA Group, for all industry categories.

Fortune 500 data are provided by Fortune, Inc.

All data are at the MSA (Metropolitan Statistical Area) level with the exception of Westchester and Fairfield County unemployment rates. Some markets contain data for more than one MSA.

Market names do not necessarily coincide with U.S. Census Bureau designations.

Symbols:

N/A: not available
••••: does not apply
sf.: square feet
psf: per square foot
msf: million square feet

OVERSIZE FOLDOUT(S) FOUND HERE IN THE PRINTED EDITION OF THIS VOLUME ARE FOUND FOLLOWING THE LAST PAGE OF TEXT IN THIS MICROFICHE EDITION.

SEE FOLDOUT NO 1

Cushman & Wakefield Offices

Headquarters
1290 Avenue of the Americas
New York, New York 10104

Arizona
Phoenix

California
Beverly Hills/Century City
Contra Costa
Los Angeles Downtown
Los Angeles North
Los Angeles South
Newport Beach/Irvine
Oakland
Ontario
Orange/Anaheim
San Francisco
San Francisco Peninsula
San Jose

Colorado
Denver

Connecticut
Hartford
Stamford

District of Columbia
Washington
Washington Suburban
Vienna, VA

Florida
Ft. Lauderdale
Miami
Orlando
Tampa

Georgia
Atlanta

Illinois
Chicago
Chicago Suburban

Kentucky
Louisville

Massachusetts
Boston

Michigan
Southfield

Missouri
St. Louis

New Jersey
East Rutherford
Edison
Parsippany
Princeton

New York
Long Island
New York (Downtown)
New York (Midtown)

North Carolina
Raleigh-Durham

Oregon
Portland

Pennsylvania
Lehigh Valley
Philadelphia
Pittsburgh

Tennessee
Memphis
Nashville

Texas
Austin
Dallas
Dallas Suburban
Houston
San Antonio

Washington
Bellevue
Seattle

Design: Steve Burnett Inc.

Office Vacancy Rates

		CBD		Non-CBD	
		1989	1990	1989	1990
East	Boston MA	13.4%	17.2%	20.6%	22.1%
	Fairfield County CT	****	****	21.9%	21.4%
	Hartford CT	15.9%	16.8%	18.6%	22.2%
	Long Island NY	****	****	16.5%	19.0%
	New Haven CT	26.2%	36.3%	29.3%	29.3%
	New York–Downtown NY	16.6%	18.2%	****	****
	New York–Midtown NY	14.8%	16.5%	****	****
	Northern NJ	****	****	18.5%	20.2%
	Northern VA	****	****	15.2%	18.2%
	Philadelphia PA	10.8%	11.9%	20.3%	20.6%
	Pittsburgh PA	18.4%	16.8%	19.3%	17.9%
	Princeton NJ	****	****	17.8%	15.2%
	Suburban MD	****	****	N/A	18.9%
	Washington DC	9.9%	11.9%	****	****
	Westchester County NY	9.1%	16.8%	12.6%	11.9%
Midwest	Chicago IL	13.1%	14.9%	22.4%	20.8%
	Detroit MI	11.6%	14.3%	20.5%	20.2%
South	Atlanta GA	16.9%	24.2%	21.9%	19.6%
	Austin TX	28.9%	22.1%	31.4%	26.4%
	Boca Raton FL	****	****	35.5%	33.5%
	Dallas TX	25.8%	28.7%	26.9%	25.2%
	Ft. Lauderdale FL	20.2%	22.2%	24.9%	22.8%
	Houston TX	22.7%	23.0%	31.2%	26.8%
	Louisville KY	12.0%	11.7%	16.3%	13.6%
	Memphis TN	26.6%	23.9%	20.8%	17.4%
	Miami FL	23.6%	29.2%	21.3%	20.8%
	Nashville TN	20.6%	19.2%	20.2%	18.9%
	Orlando FL	17.9%	16.9%	17.9%	17.5%
	San Antonio TX	29.9%	31.5%	30.4%	29.0%
	Tampa FL	20.0%	27.6%	23.5%	20.1%
	West Palm Beach FL	28.1%	25.1%	24.0%	27.0%
West	Bellevue WA	18.3%	13.3%	17.6%	15.2%
	Beverly Hills/Century City CA	****	****	16.2%	19.8%
	Contra Costa CA	****	****	20.1%	19.9%
	Denver CO	25.3%	21.3%	24.8%	23.6%
	Los Angeles CA	14.7%	14.6%	14.3%	14.6%
	Los Angeles North CA	****	****	17.5%	19.9%
	Los Angeles South CA	****	****	18.7%	27.5%
	Newport Beach/Irvine CA	22.0%	22.9%	28.2%	25.6%
	Oakland CA	19.1%	17.0%	18.6%	18.0%
	Ontario CA	****	****	24.7%	29.3%
	Orange/Anaheim CA	20.9%	17.7%	20.5%	21.3%
	Phoenix AZ	27.2%	29.9%	26.9%	26.8%
	Portland OR	14.8%	15.3%	16.8%	14.5%
	San Francisco CA	13.9%	13.5%	15.1%	14.9%
	San Francisco Peninsula CA	****	****	18.9%	19.4%
	San Jose CA	22.8%	20.9%	15.3%	16.2%
	Seattle WA	14.2%	13.9%	9.4%	15.0%

Total Office Inventory
(in Million Square Feet)

	CBD		Non-CBD	
	1989	1990	1989	1990
Boston MA	41.92	44.19	44.14	47.61
Fairfield County CT	****	****	40.94	41.17
Hartford CT	8.26	8.25	15.02	15.34
Long Island NY	****	****	25.13	26.47
New Haven CT	2.11	2.88	5.43	5.57
New York–Downtown NY	108.02	108.02	****	****
New York–Midtown NY	240.77	244.96	****	****
Northern NJ	****	****	112.03	114.88
Northern VA	****	****	74.84	79.92
Philadelphia PA	34.38	37.58	36.99	39.29
Pittsburgh PA	23.82	23.85	12.08	12.43
Princeton NJ	****	****	12.08	12.24
Suburban MD	****	****	N/A	37.13
Washington DC	70.44	74.58	****	****
Westchester County NY	6.56	6.68	28.24	28.63
Chicago IL	109.51	113.32	62.00	64.37
Detroit MI	11.60	11.82	41.21	42.43
Atlanta GA	12.02	13.22	68.12	70.26
Austin TX	7.63	7.17	14.97	14.73
Boca Raton FL	****	****	5.46	5.75
Dallas TX	30.58	30.58	95.71	96.36
Ft. Lauderdale FL	2.69	2.86	11.77	11.97
Houston TX	36.41	36.42	108.33	106.51
Louisville KY	6.93	6.89	5.45	5.53
Memphis TN	3.68	3.51	11.74	11.58
Miami FL	10.86	11.07	19.98	20.23
Nashville TN	5.07	5.07	10.52	10.60
Orlando FL	5.18	5.18	11.48	12.31
San Antonio TX	4.99	4.95	15.31	15.33
Tampa FL	5.42	5.84	14.33	14.52
West Palm Beach FL	2.25	2.25	5.92	5.99
Bellevue WA	3.79	3.79	9.51	10.14
Beverly Hills/Century City CA	****	****	36.49	38.11
Contra Costa CA	****	****	21.42	21.90
Denver CO	24.24	24.24	48.75	49.00
Los Angeles CA	22.99	23.92	33.49	33.74
Los Angeles North CA	****	****	31.89	34.45
Los Angeles South CA	****	****	24.58	25.16
Newport Beach/Irvine CA	20.79	22.01	6.69	7.14
Oakland CA	11.05	11.79	9.00	9.29
Ontario CA	****	****	5.92	6.79
Orange/Anaheim CA	8.42	8.42	8.77	9.13
Phoenix AZ	13.69	14.92	27.99	28.90
Portland OR	13.10	13.38	9.20	9.71
San Francisco CA	39.02	39.80	16.74	17.10
San Francisco Peninsula CA	****	****	14.45	14.71
San Jose CA	4.75	4.75	19.66	19.75
Seattle WA	23.41	24.33	3.34	3.65

Office Rental Rates
(Weighted Average Class A Asking Rates)

CBD		Non-CBD	
1989	1990	1989	1990
$38.71	$32.21	$21.36	$21.02
****	****	$24.71	$24.10
$29.62	$27.63	$21.69	$22.17
$29.62	$27.63	$21.69	$22.17
****	****	$23.51	$24.58
$20.96	$23.19	$21.06	$18.61
$35.31	$34.22	****	****
$41.61	$41.16	****	****
****	****	$21.95	$22.02
****	****	$23.40	$23.87
$25.63	$24.59	$19.49	$19.14
$19.86	$20.09	$17.63	$17.61
****	****	$20.36	$22.15
****	****	N/A	$23.33
$34.72	$37.99	****	****
$25.90	$25.01	$22.85	$22.35
$29.15	$30.38	$22.44	$22.75
$16.42	$17.05	$18.94	$18.94
$21.12	$26.15	$22.71	$22.47
$14.51	$16.91	$9.76	$10.03
****	****	$22.50	$22.45
$22.41	$22.08	$13.40	$14.47
$22.91	$24.63	$19.61	$19.10
$15.38	$16.51	$12.40	$13.73
$17.71	$16.95	$15.62	$16.00
$14.39	$14.55	$16.84	$16.11
$29.97	$28.32	$21.11	$19.03
$20.98	$19.51	$16.36	$16.14
$21.44	$22.53	$15.84	$18.03
$12.00	$11.86	$10.72	$10.90
$21.90	$21.71	$17.84	$16.52
$27.67	$26.30	$19.59	$19.28
$21.22	$21.47	$18.76	$19.48
****	****	$33.00	$33.36
****	****	$18.12	$20.28
$11.90	$12.34	$12.67	$13.42
$30.27	$30.36	$24.01	$24.22
****	****	$26.52	$25.92
****	****	$23.52	$22.80
$23.52	$22.56	$23.40	$22.92
$23.16	$25.44	$21.96	$19.92
****	****	$18.00	$20.16
****	$21.12	$21.00	$20.76
$19.79	$20.90	$19.12	$18.90
$16.89	$20.28	$14.59	$15.77
$25.05	$26.71	$19.63	$20.82
****	****	$23.40	$22.44
$22.92	$23.40	$20.88	$20.40
$19.77	$22.33	$15.13	$16.20

Office Construction Deliveries
(in Million Square Feet)

CBD			Non-CBD		
1990	1991	1992	1990	1991	1992
1.11	1.00	0.70	3.32	0.23	0.92
****	****	****	0.23	0.18	0
0	0	0	0.35	0.11	0.37
0	0	0	0.35	0.11	0.37
****	****	****	1.34	0.64	0.78
0.77	0	0	0.24	0	0.09
0	0	0	****	****	****
4.19	1.99	1.43	****	****	****
****	****	****	2.76	3.43	2.18
****	****	****	5.14	1.48	0.38
3.58	0	4.52	2.39	4.37	2.31
0	0	0	0.53	0.22	0
****	****	****	0.16	0.25	0.51
****	****	****	1.66	0.54	0.10
4.71	4.49	3.77	****	****	****
0.13	0	0.40	0.39	0.72	1.66
4.83	1.80	3.66	3.74	1.48	3.69
0.22	0	2.32	1.30	1.34	3.28
1.20	0	1.20	2.19	3.14	1.27
0	0	0	0	0	0
****	****	****	0.28	0.10	0
0	0	0	0	0.51	0
0.27	0.43	0	0.20	0.38	0.10
0	0	0	0	0.11	0.45
0	0.60	1.49	0.08	0.14	0.06
0	0	0	0	0.06	0
0.21	0	0	0.27	0.90	0
0	0	0	0.08	0	0
0	0	0	0.89	0	0
0	0	0	0	0	0
0.42	0	1.08	0.19	0	0
0	0	0	0.05	0.07	0.04
0	0	0.19	0.63	0.69	0.57
****	****	****	1.62	1.49	0.84
****	****	****	0.48	0.18	0
0	0	0	0.25	0.15	0
0.93	3.76	1.73	0.25	0.62	0.77
****	****	****	2.56	1.93	2.19
****	****	****	0.58	0.77	1.06
1.22	1.78	0	0.45	0.25	0
0.73	0	0.06	0.28	0.54	0.55
****	****	****	0.87	0.70	1.05
0	0.20	0.50	0.35	0.16	0.56
1.23	0.48	1.20	1.01	0	0.82
0.28	0.24	0	0.51	0.15	0.20
0.79	0.15	0.20	0.35	0.38	0
****	****	****	0.25	0.21	0.15
0	0.30	0	0.09	0.98	0.61
0.93	0.48	1.18	0.31	0.22	0

1989 Industrial Rental Rates
(Net Annual Asking Rates)

Manufacturing	Warehouse/ Distribution	HighTech/R&D
$3.00 – $8.50	$3.00 – $7.00	$4.50 – $12.00
****	****	****
$2.00 – $7.00	$2.90 – $6.50	$4.00 – $13.00
$2.00 – $7.00	$2.90 – $6.50	$4.00 – $13.00
$4.00 – $6.50	$4.00 – $8.00	$6.00 – $12.00
$2.00 – $6.50	$1.75 – $6.00	$4.35 – $8.25
****	****	****
****	****	****
$2.10 – $6.95	$2.00 – $6.25	$3.00 – $15.00
****	$3.85 – $12.00	$1.75 – $19.75
$1.45 – $5.00	$1.75 – $5.00	$4.75 – $13.00
$1.25 – $5.25	$1.11 – $9.23	$5.00 – $15.00
$2.75 – $4.50	$2.00 – $5.25	$2.79 – $13.75
****	****	****
****	****	****
$2.25 – $6.50	$2.35 – $7.50	$6.00 – $13.00
$1.00 – $6.50	$1.00 – $6.65	$4.00 – $13.00
$1.75 – $3.50	$1.90 – $4.50	$5.50 – $10.00
$4.80 – $6.00	$3.00 – $3.36	$7.20 – $9.00
$4.25 – $5.50	$3.50 – $4.75	$4.50 – $12.00
$2.25 – $3.50	$2.25 – $3.50	$4.50 – $8.00
$4.25 – $5.50	$3.50 – $5.50	$4.50 – $12.50
$1.50 – $3.00	$2.16 – $3.00	$3.60 – $8.40
$2.25 – $4.00	$2.25 – $3.50	$5.50 – $7.00
$1.00 – $3.50	$1.00 – $3.50	$4.50 – $10.00
$4.00 – $7.00	$3.50 – $5.25	$6.00 – $10.00
$1.75 – $3.00	$2.00 – $3.65	$7.75 – $11.00
$1.85 – $4.25	$2.50 – $4.25	$5.50 – $14.00
$1.80– $2.40	$1.80 – $2.40	$3.00 – $7.20
$2.50 – $4.00	$3.00 – $5.25	$6.00 – $11.00
$4.25 – $5.50	$3.50 – $4.75	$4.50 – $11.50
$5.00 – $8.40	$4.20 – $6.00	$9.00 – $12.60
****	****	****
$3.24 – $6.24	$2.04 – $5.40	$4.80 – $11.40
$2.00 – $4.00	$1.50 – $5.50	$4.50 – $7.50
$3.00 – $5.04	$3.36 – $5.04	$7.40 – $13.08
$4.00 – $7.20	$3.80 – $5.50	$6.50 – $10.80
$4.56 – $5.52	$3.84 – $6.84	$8.28 – $12.36
$5.40 – $7.55	$4.96 – $6.44	$7.42 – $10.54
$2.88 – $5.04	$2.88 – $4.20	$3.60 – $6.60
$3.00 – $4.08	$3.00 – $4.08	$6.36 – $10.20
$4.20 – $6.00	$3.60 – $6.00	$5.76 – $12.00
$2.88 – $6.60	$2.16 – $3.48	$5.40 – $9.00
$2.28 – $3.12	$2.28 – $3.36	$7.44 – $9.00
$5.75 – $8.25	$5.75 – $8.25	$14.00 – $17.00
****	$4.20 – $8.40	$7.80 – $15.00
$4.08 – $8.04	$3.24 – $4.80	$6.60 – $23.40
$3.12 – $4.08	$3.12 – $4.50	$5.40 – $7.20

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Focus on Marketrends

CUSHMAN & WAKEFIELD | HEALEY & BAKER

Focus on Marketrends *is Cushman & Wakefield's annual publication presenting a concise picture of the state of office and industrial real estate across the country and in selected European cities through the cooperation of our partner Healey & Baker.*

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Economic Overview

Prepared by the WEFA Group

The recovery from the recession has proceeded at a more leisurely pace than anticipated. A continuing stream of layoffs across many industries has reduced consumer confidence to levels no greater than during the depth of the recession of the early 1980s. The reluctance of consumers to commit to purchases of big-ticket items, such as homes and autos, has reduced consumer spending, and with it, the impetus necessary to more quickly leave the recession behind. Similarly, businesses have been disinclined to increase investment in capital goods and have pared inventories to minimum levels as manufacturers wait for additional consumer spending before adding more employees.

Real gross domestic product, the new gauge by which macroeconomic activity is measured, declined by 2.5 percent during the first quarter of 1991, after a 3.9 percent decline in the previous period. Second quarter 1991 growth in real product was an anemic 1.4 percent suggesting a continuing tenor of weakness and reduced activity in the national economy. Purchases of consumer durables have declined in four of the last five quarters.

Unlike the recession of a decade ago, when inflation was double-digit, we now have a rate of price increase that is significantly lower — about 3 percent annually. Because an unmanageable rate of inflation is not now a concern, the Federal Reserve has steadily reduced key interest rates in an attempt to spur economic activity. On December 20, 1991, the Fed took the bold step of reducing the discount rate by one percentage point to 3.5 percent and the federal funds rate to 4 percent. The prime rate is currently less than 8 percent and short-term Treasury Bills are hovering around the 5 percent mark. Mortgage interest rates are at 17-year lows, averaging less than 9 percent for a 30-year fixed rate loan.

During the summer, it appeared that a revival of the housing markets, together with lower mortgage interest rates, would lead the nation out of the recession. However, recent activity in the housing and building trade has been less encouraging. New home sales have fallen, posting double-digit declines of as much as 25 percent compared to pre-recession levels. Total housing starts, hovering around the 1 million mark (seasonally adjusted annual rate), are at the lowest annual level in more than 30 years.

The collapse of communism in Eastern Europe and the demise of the Soviet Union have resulted in significant and widespread cutbacks in defense appropriation. While such a "peace dividend" allows the federal government to reallocate funds to other uses, the effects on selected communities throughout the country is potentially quite severe due to reduced levels of manufacturing employment. Grumman, the Long Island, New York defense contractor, is expected to reduce its workforce to 12,700, down from a peak of 25,000 in 1986. For such communities, dependent on defense

manufacturing, the chilling effects of reduced employment levels will flow through the entire local economy due to reduced rates of income growth and muted demand for services.

The news from the labor markets has not been encouraging. Total establishment employment has declined during each of the last four quarters since mid-1990. More than 1.5 million jobs have disappeared since the start of the recession, with half of the decline attributable to layoffs in the manufacturing industries. The traditionally recession resistant service-producing industries have succumbed to the weak economic environment, including significant white-collar layoffs at such firms as General Motors, Xerox and IBM. The decline in employment is more adequately explained by structural realignments than by cyclical factors, as firms attempt to reduce costs, consolidate far-flung and disparate operations, and incorporate more powerful technologies to improve the productivity of their employees.

While the macro environment has been slower to respond than anticipated, the extent of the recession's effects has varied widely across different regions of the country. The Northeast has been pummeled by the recession longer than the nation as a whole. Signs of weakness in employment growth and income expansion were evident as early as mid-1989. With the collapse of the securities industry in the Northeast, and New York specifically, the rapid growth of employment witnessed during the eighties quickly came to a halt. The New England area is showing signs of recovery, although the expected growth in employment reflects the extent of the region's decline and the bottoming-out of a two-year long reduction in activity. Massachusetts has been devastated by the recession. Construction employment is currently running 25 percent below year-earlier levels. The once lauded high-tech sector has continued to experience systematic job losses due to intense competition and layoffs at mainframe computer makers.

New York is the center of the retrenchment in the securities industry and the restructuring that has occurred among banking firms. Since 1987, the New York state economy has lost 45,000 jobs in the financial industries, with most of the losses centered in New York City. Given the preeminence of the banking industry in New York City, the consolidation of banking enterprises will exert a strong and lasting influence on the regional economy. Not unlike other Northeast and mid-Atlantic states, restructuring in the banking, retail and service industries has resulted in job losses in once recession-proof middle- and upper-management positions. A case in point is the merger of Manufacturers Hanover and Chemical Bank which is expected to result in employment declines of more than 6,000 as duplicate positions are eliminated and operations are streamlined. Because of the substantial economic burdens facing New York state, growth is not expected until at least six months after the

nation swings into a full recovery. Recovery in New York City may be delayed until much later given the penetrating social, economic, and fiscal problems facing the city.

Generalizations about the Pennsylvania economy are difficult to make because of significant regional variations across the state. The Philadelphia area is located in the midst of the densely populated New York City-Washington, D.C. corridor, while to the west, Pittsburgh is the center of activity for firms serving Midwest markets. The economic base of Philadelphia depends on chemicals, pharmaceuticals, printing and publishing, and machinery production. Because of this highly diversified structure, the performance of the local economy mirrors the tenor of activity at the national level. Consequently, the Philadelphia region will experience a recovery in step with the turnaround in the national economy. Just as the pace of growth was slowing in the eastern portion of the state during the late eighties, the Pittsburgh economy began to experience employment expansion of more than 2 percent per year due to job gains in service and trade industries. With the onset of the recession, sizable job losses were experienced across many sectors of the economy. The pre-recession period of growth in service-producing industries, and a stable construction sector, will allow the Pittsburgh economy to avoid a painful period of restructuring among the nonmanufacturing industries and escape a protracted downturn.

The economy of the Southeast has exhibited more resilience than its northern counterpart. The region has been aided by steady in-migration, and a strong trade and service sector. The entire Gulf Coast area has witnessed robust growth in petrochemical production due to increased profit margins on chemicals necessary for the production of plastics and synthetic rubber. Both Atlanta and Charlotte are home to growing and influential financial sectors. Miami, in particular, has benefited from more liberalized trade with Latin America and the consequential need for international trade financing. Employment growth in Texas remains stronger than the national average due to reduced dependence on the petroleum industries and a lower cost-of-doing business that has enticed firms to expand their presence in the Southwest. A decline in employment growth in the Southeast and Gulf Coast regions during the recession is expected to be short-lived as the recovery from the recession gains momentum and demand for the region's manufactured output strengthens.

The Midwest region has experienced slow but steady growth in recent months. Investors and lenders in the region did not support speculative real estate ventures to the extent that occurred in the Northeast and mid-Atlantic region. Consequently, the collapse of the financial sector did not reverberate as vigorously through the heartland as it did throughout the coastal regions of the country, resulting in fewer troubled loan portfolios and insolvent savings and loan institutions. Additional capital investment during the 1980s, in concert with the decline of the dollar from stellar heights reached early in the decade, opened up larger and more lucrative export

markets to Midwest manufacturers. The services-producing industries have continued to grow, due in part to the stability afforded the region as the rate of manufacturing job losses subsided. As the nation experiences economic recovery, Midwest manufacturers will benefit as inventories are rebuilt. Concomitantly, the increased activity among goods-producing firms will aid growth in the services and retailing sector as real incomes expand.

The Mountain states have traditionally been plagued by a highly cyclical economy, in part because of the economic significance of natural resource industries such as mining, timber and ranching. Long-term growth patterns show that the region has exhibited population and employment growth above the national average. Denver has emerged as a service and transportation center for the eastern Mountain and western Plains states, resulting in reduced volatility in the fluctuations of the business cycle. The region is expected to weather the recession with only modest declines in employment. Continued population growth, coupled with in-migration, will support the building sector as well as the manufacturing industries that fabricate components necessary in residential and nonresidential construction.

The Western region of the U.S. has performed better during the recent recession than the nation as a whole. Growth in computer software industries, manufacturing and tourism have aided the area. Until recently, strong growth in defense had given additional support to the California economy. Now, however, concerns over the saving and loan debacle, increased environmental regulations and escalating home prices open the possibility that California may follow in the footsteps of the weary Northeast economies. However, the detrimental impact will be mitigated by strong population growth, international trade and foreign investment from Japan and Asia.

The recession of the early 1980s was most severe in the Midwest "rust-belt" region of the nation. In contrast, the most recent downturn has paralyzed many of the Northeast economies and, to a lesser extent, the coastal regions of the country. The weakness in the financial and real estate industries has slowed growth in the service-producing industries as 1980s-style rapid income expansion subsided. The restructuring that is proceeding in banking, services and retailing occurred, in part, due to the national recession and because the economic downturn made the decade-long anemic productivity gains in service-producing industries all the more evident during a period when profit margins declined and demand softened. While goods-producing industries employed judicious use of capital expenditures and measures to improve efficiency during the previous decade, the services-producing industries languished in a state of lethargy masked by the tenor of activity during the 1980s. Consequently, regions of the country with a high concentration of service-producing employment, such as the Northeast, will recover more slowly than the areas of the nation with a more diverse economy.

Investment Market Overview

Prepared by Financial Services Group, Cushman & Wakefield, Inc.

The real estate markets in 1991 continued the 1990 trend of correcting themselves from the excesses of the previous decade. The economic expansion of the 1980s led to a major overvaluation of real estate as unsustainable growth rates were used to project market rents and sales. The decline in interest rates from the early 1980s, dramatically liberalized tax laws enacted in 1981, and the increased globalization of capital markets resulted in an unprecedented pool of available capital which fostered new construction throughout the country. The resulting performance of real estate assets in the early 1990s has generally fallen far below the forecasted growth rates of the 1980s.

Across the United States, total returns in each region were negative for the last year according to the third quarter Russell-NCREIF indices. The South experienced the lowest total loss at -1.4 percent followed by the Midwest at -2.0 percent, the West at -2.1 percent and the East at -3.6 percent. For the third quarter of 1991, the South was the only region to realize a positive total return of 0.1 percent as well as a positive gain from the third quarter in 1990. A major reason for this trend is that in the last two years, the South has experienced the least overbuilding of any region.

The East's negative total returns are the result of the preponderance of office buildings which represent more than 40 percent of the region's commercial properties and are the second worst performing property type. The poor performance of the West reflects the continued economic malaise of the Rocky Mountain states and the sudden decline of property returns in California over the last year. Compared to the third quarter in 1990, total returns for the West had dropped from 1.3 percent to -0.9 percent, the largest decline of any region from quarter to quarter. The Midwest decreased to zero percent from 0.7 percent between the third quarters of 1991 and 1990.

An analysis of the total returns by property type reveals that apartments were the highest performing property type over the third quarter 1991, as well as over the previous year. Apartments generated the only positive total return for the third quarter at 0.6 percent and yielded 3.4 percent. The major reasons for these results have been the slowdown of new construction and the decline in home purchasing. Vacancy rates have steadily declined to less than 9 percent in 1991. A consistent demand for rental housing, along with the decline in new construction is forcing higher rents. Although institutions did not invest generally in apartments 10 years ago, they have now become a preferred property type. Investors prefer apartments that are relatively new in construction and are in middle class neighborhoods or better, and that have rising income levels. Buyers are seeking capitalization rates in excess of 9 percent.

Until two years ago, industrial property was probably the most preferred type of real estate for institutional investors; however, declining rents and uncertain economic prospects for industry are leading to lower returns. Although industrial construction

dropped 17 percent from 1989 to 1990, demand for industrial space declined even further. This property type has been affected more by the slowdown in demand than by overbuilding on the supply side. As a result, many institutions believe that industrial properties will be among the strongest performers in the near term. Capitalization rates for premium property are in the 9 percent to 11 percent range.

Retail properties posted a 1.4 percent total return for the last year, and thus outperformed most property types. Between 1982 and 1989, the total returns for retail property led all property types. However, some alarming trends have developed. First, sales for retail stores nationally are down around 5 percent. Second, consumers have lost confidence and have scaled back spending. Third, disposable income has not grown. Fourth, retail development grew from 1982 to 1987 at a 500 percent increase over the growth rate from 1962 to 1982. Fifth, many retail companies are experiencing financial difficulties and may be forced into bankruptcy leaving shopping centers with fewer tenant alternatives. With the current dearth of construction financing, speculative mall development will not occur and an absorption of existing space will be steady but modest. Capitalization rates for premium mall properties located in excellent primary trade areas are 6.5 to 7.5 percent, those in secondary cities or locations will add 200 to 250 basis points to these capitalization rates.

Office buildings and hotels are the worst performing properties in the United States as overbuilding has dramatically affected each property type. Between 1975 and 1990, more than 3.3 billion square feet of office space was constructed. In early 1991, another 60 million square feet was still under construction financed with commitments issued in 1989 and 1990. This additional space, in combination with decreased demand, will continue to depress the market. The downsizing of service industries especially in the financial, legal and accounting fields has squeezed the equity from many office properties.

In the hospitality industry, occupancy levels and average daily room rates will decline in 1992 and continue to decrease operating margins. There is some optimism in this sector expected two to three years hence. For buyers with capital, there will be many opportunities over the next 24 months.

The central theme within the real estate industry in 1991 has been the credit crunch, or liquidity crisis. Without liquidity, the market's ability to operate efficiently is adversely affected and the spreads between bid and asked widens. Many observers believe the credit crisis is the greatest threat to the United States economy since the

Great Depression. A summary of the alarming facts is as follows. There are currently $800 billion in commercial real estate loans outstanding and commercial banks hold $400 billion of them. Within the next 3 years, many of the mini-perm loans of the 1980s are maturing. One-third of the real estate loans are owned by the 100 largest banks. Eighty percent of all the construction mortgages maturing within the next year do not have replacement financing.

The credit crisis will be one of the greatest tests of the strength of the U.S. financial system as these problems tend to lead to continued property foreclosure, corporate insolvency, bank failures and a crisis at the state and local levels due to an erosion of the property tax base. Property taxes account for 73 percent of local tax revenues and 23 percent of total tax revenue in the United States.

To alleviate this problem, many financial experts are searching for new sources of capital and credit. Wall Street firms are funding special securities derivatives groups to create a security that circumvents the negative characteristics of commercial mortgages, attracts investors and assists institutions in reducing real estate portfolios. Currently, there are three broad areas that experts believe can tap internal capital and credit sources which are blocked due to current tax, securities and banking laws, as well as by regulatory pressure.

First, unlock the billions of dollars of pension funds by modifying laws restricting investments in certain financial structures. Second, adjust regulations that affect the phase-in of bank capital standards and the risk-based standards in evaluating commercial multi-family and single-family loans. Third, develop a secondary commercial mortgage market. This third suggestion could bring a tremendous inflow of capital to financial institutions in a way similar to the secondary residential mortgage market. However, significant differences exist between single-family and commercial mortgages.

First, there is a major difference in the characteristics of the collateral. Residential mortgage securities take advantage of the underlying homogeneity among single-family mortgages and the uniformity in the mortgage documentation, thus facilitating government guarantees. Unlike its counterpart, commercial mortgages are heterogeneous, varying from mortgage to mortgage, and are generally nonrecourse with only the real estate as security.

Second, purchasers of residential mortgage-backed securities look to their "bond like" characteristics such as coupon, price and maturity. Since commercial mortgages are mostly nonrecourse, a full credit analysis of each mortgaged property is a requirement for commercial mortgage investment.

A third ingredient in the securitization of commercial mortgages is the write down, or "mark to the market" of debt so that the property's cash flow supports the mortgage. Currently, the only successful efforts to securitize commercial mortgages are occurring with mortgage assets from the Resolution Trust Corporation which has been writing down the value of its assets.

Over the near term, there will not be a tremendous number of financing sources. Large, public pension plans have been the most careful investors and are in a good position to buy or fund investments. State budgetary and fiscal difficulties will have some impact on these funds. Smaller public pension funds have the cash, but may be hesitant to play an active role during this turbulent market. Most insurance companies have growing real estate-related problems. Their exposure to real estate is on average 24 percent of total assets, but many of the larger, better known companies are at 50 percent of total assets. Also, loan delinquencies reached 5.4 percent of total mortgage loans in mid-1991, and defaulted mortgages were 13.5 percent of invested capital. Guaranteed Investment Contracts (GICs) issued by insurance companies in the 1980s and secured by commercial mortgages have proven to be a significant problem as they rollover. Commercial banks will continue to workout their own real estate problems and must decide whether they want to take back and liquidate or to take back and attempt to workout the asset.

Offshore investors are divided. The Japanese are retreating quietly. Europeans will look, but will wait until the bottom is more evident. The small Asian investors may come for a few small opportunities, but will probably wait until a recovery is near. Investors from Hong Kong, Singapore and the Middle East are beginning to appear in search of opportunities.

In these difficult times, opportunities abound for the astute investor who is willing and able to seek out the advice and understand the dynamics of local markets and is able to access the right capital markets and structure so the transaction makes sense. Pricing will continue its downward pressure as it seeks the level where capital investment is appropriate. In 1992, the stage is set for those opportunistic buyers who have the resources to withstand the short run in order to benefit substantially as markets move to equilibrium in the mid-1990s.

Real Estate Overview

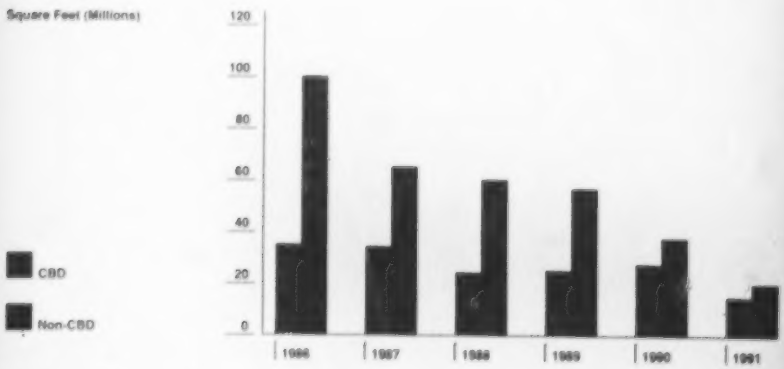
Prepared by Real Estate Research Group, Cushman & Wakefield, Inc.

Office construction activity in the markets surveyed by Cushman & Wakefield dipped to approximately 36 million square feet in 1991, a 47 percent decrease from the prior year. By comparison, in 1986, nearly 140 million square feet of new space was added to this office stock.

Since 1986, the majority of new space was built in non-CBD markets versus CBD markets. Despite this high level of suburban market construction activity, the non-CBD vacancy rate has hovered at 21 percent since 1988. Given the current oversupply and lack of financing, Cushman & Wakefield estimates the amount of new space coming online in the non-CBD markets will decline to roughly 30 million square feet in 1992 and 20 million square feet in 1993. Given this decrease in new construction and projected annual employment growth of 1 percent, the non-CBD vacancy rate should drop below 20 percent in 1994 and continue to gradually decline into the mid-1990s.

In contrast to the non-CBD, CBD construction activity has occurred at relatively lower levels over the past several years. Yet, vacancy rates have continued to gradually rise over this time period and reached 18.9 percent in 1991. This reflects the CBD's inability to absorb the new space as rapidly as the non-CBD markets, indicating businesses' growing preference for suburban areas and their amenities: access to labor markets, ample parking, lower rental rates.

National Construction Completions
1986–1991



Source: Cushman & Wakefield

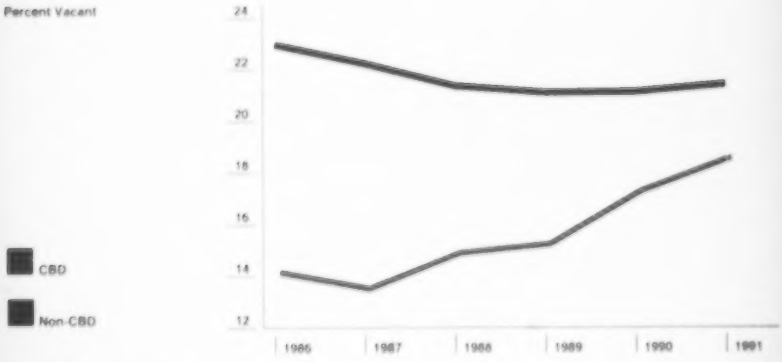
This lack of significant activity will result in a rise in the CBD vacancy rate in 1992 and it is not expected that the national CBD vacancy rate will actually witness a decline until 1994 as the markets attempt to absorb the oversupply.

The excess supply of office space is exacerbated by a decline in demand. Several factors have contributed to this weakened demand scenario. These include the collapse of the financial services industry beginning with the 1987 stock market crash; an overall

reduction in both population and employment growth; and the repercussions of the merger and acquisition activity of the 1980s. The combined impact of automation and corporate restructuring has resulted in the elimination of many positions.

A regional examination of availabilities and construction activity yields additional insight into the varying degrees of the oversupply dilemma. In all regions, the majority of new construction came online in major metropolitan markets, with few exceptions.

National Vacancy Rate
1986-1991



Source: Cushman & Wakefield

In the West, while Los Angeles witnessed increasing vacancy rates, the Orange/Anaheim and Newport Beach suburban markets saw modest declines. Stable demand and low levels of construction activity enabled Northern California markets like San Francisco and Contra Costa to remain healthy. The same holds true for Portland in the Northwest.

Southern vacancies remain high, yet some markets show encouraging signs of decreasing vacancy rates brought about by the in-migration of firms seeking these more attractive, lower cost locations. Markets in this regard include Atlanta, Houston and Tampa.

Chicago, the second largest market in the nation, added 3.4 million feet to its inventory in 1991, and thus continues to watch its vacancy rate climb. The Detroit market still suffers the trickle-down effect of the straining automobile industry.

The Northeast witnessed healthy activity in Washington, D.C. However, it will not be until the middle of the decade that the Boston and New York markets begin to turnaround.

The body of this report presents more detailed data on these markets and others throughout the nation.

Boston, Massachusetts

1991 Population	3,792,047
Avg. Ann. Change (1991-96)	0.2%
1991 Med. Household Income	$48,631
Fortune 500 Corporate HQ	
Industrial	13
Service	14
Avg. Ann. Employment Growth (1991-96)	1.1%
Unemployment Rate	7.9%
Commercial Market: CBD	
Inventory (msf)	46.64
Vacancy Rate	19.2%
Weighted Avg. Rent	$28.46
Commercial Market: Non-CBD	
Inventory (msf)	48.75
Vacancy Rate	20.9%
Weighted Avg. Rent	$19.22
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	17.09
Office Service/High Tech	10.61

1991 Commercial Review

- Tenants within the CBD took advantage of reduced rental rates by upgrading to class A office space from class B space.
- Leasing activity remained stable in the CBD and involved many consolidations and relocations but lacked any expansions.

1992 Commercial Outlook

- Rental rates are expected to bottom out and minimal absorption is anticipated in the CBD. Positive absorption is expected in the suburban market.
- There will be no speculative commercial development during 1992, however, public sector development will continue with the federal courthouse and Central Artery projects.

1991 Industrial Review

- Due to the absence of construction deliveries since year-end 1990, eastern Massachusetts' overall industrial vacancy rate decreased for the first time in two years.
- Development activity in the industrial market existed only on a build-to-suit basis. All construction currently underway is geared to meet firms' special requirements.

1992 Industrial Outlook

- As small high-tech companies continue to grow, the state will look to them with the expectation that they may spur a gradual economic recovery.
- Industrial lease rates approached a bottom level in 1991, however, sale prices will continue to decline during 1992 until the market stabilizes.

Fairfield County, Connecticut

1991 Population	827,524
Avg. Ann. Change (1991-96)	0.0%
1991 Med. Household Income	$62,372
Fortune 500 Corporate HQ	
Industrial	17
Service	5
Avg. Ann. Employment Growth (1991-96)	1.2%
Unemployment Rate	7.8%
Commercial Market: CBD	
Inventory (msf)	5.91
Vacancy Rate	31.1%
Weighted Avg. Rent	$25.05
Commercial Market: Non-CBD	
Inventory (msf)	32.11
Vacancy Rate	23.9%
Weighted Avg. Rent	$22.45
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	****
Office Service/High Tech	****

1991 Commercial Review

- Fairfield County's performance surpassed most real estate experts' predictions with strong leasing activity and the expansion of companies within the county.
- Although transactions averaged 10,000 sf, several larger leases of over 50,000 sf were also signed including those by Phibro Energy Inc., IMRS and Metropolitan Life Insurance.

1992 Commercial Outlook

- Vacancy rates are expected to decline due to steady demand coupled with no new construction.
- Leasing activity should continue to be brisk, as well over 1.0 msf of tenants are actively seeking space within Fairfield County.

Hartford, Connecticut

1991 Population	1,131,371
Avg. Ann. Change (1991-96)	0.7%
1991 Med. Household Income	$47,867
Fortune 500 Corporate HQ	
Industrial	5
Service	12
Avg. Ann. Employment Growth (1991-96)	2.1%
Unemployment Rate	6.6%
Commercial Market: CBD	
Inventory (msf)	8.29
Vacancy Rate	19.5%
Weighted Avg. Rent	$26.09
Commercial Market: Non-CBD	
Inventory (msf)	16.41
Vacancy Rate	28.3%
Weighted Avg. Rent	$20.58
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	****
Office Service/High Tech	****

1991 Commercial Review

- Widespread consolidations, relocations and shutdowns of major businesses in Hartford County offset steady leasing activity and caused vacancy rates to climb gradually.
- As tenant concessions increased, rental rates diverged from the effective rates offered by landlords in a highly competitive market.

1992 Commercial Outlook

- Hartford's depressed economy is expected to continue with more consolidations anticipated by large companies.
- Leasing activity is expected to remain at current levels with many tenants taking advantage of soft market conditions and upgrading from class B to class A space.

Long Island, New York

1991 Population	2,611,869
Avg. Ann. Change (1991-96)	0.1%
1991 Med. Household Income	$57,207
Fortune 500 Corporate HQ	
Industrial	4
Service	4
Avg. Ann. Employment Growth (1991-96)	0.6%
Unemployment Rate	6.4%
Commercial Market: CBD	
Inventory (msf)	****
Vacancy Rate	****
Weighted Avg. Rent	****
Commercial Market: Non-CBD	
Inventory (msf)	27.04
Vacancy Rate	20.4%
Weighted Avg. Rent	$23.08
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	19.63
Office Service/High Tech	4.13

1991 Commercial Review

- Due to the large amount of available class A space and decreasing rental rates, substantial class B and C space was vacated by tenants upgrading to class A space.
- Market conditions resulted in more favorable opportunities for tenants as landlords reduced rental rates and offered additional rent concessions.

1992 Commercial Outlook

- The market is expected to remain stable with vacancy rates and leasing activity holding at 1991 levels.
- New construction is expected to decrease dramatically due to the lack of available financing, shortage of developable land in Nassau County, and the economic slowdown.

1991 Industrial Review

- Tenants consolidated and/or negotiated more favorable lease terms with their present landlords. Concessions such as free rent and tenant improvement allowances became more evident.
- Despite slow overall market conditions, several large sales transactions involving warehouse/distribution space did occur.

1992 Industrial Outlook

- The shift towards high technology facilities will continue, forcing landlords to upgrade existing warehouse/distribution buildings in an effort to attract tenants.
- Despite a slowdown in the market and economy, lower interest rates and increased availabilities will offer opportunities for financially sound owners and tenants.

New Haven, Connecticut

1991 Population	808,786
Avg. Ann. Change (1991-96)	0.5%
1991 Med. Household Income	$43,120
Fortune 500 Corporate HQ	
Industrial	5
Service	0
Avg. Ann. Employment Growth (1991-96)	1.3%
Unemployment Rate	6.6%
Commercial Market: CBD	
Inventory (msf)	2.88
Vacancy Rate	35.6%
Weighted Avg. Rent	$22.57
Commercial Market: Non-CBD	
Inventory (msf)	5.79
Vacancy Rate	31.0%
Weighted Avg. Rent	$18.33
Industrial Market:	
Available Space (msf)	
Manufacturing/Warehouse	....
Office Service/High Tech	....

1991 Commercial Review

- New Haven's stagnant business environment and sluggish economy offset increased leasing activity which stabilized the overall vacancy rate.
- Rental rates declined in response to the continuing consolidations and rapid relocations of major businesses, indicating attempts by landlords to become more competitive.

1992 Commercial Outlook

- Consolidations and a slow economy are expected to continue with market conditions remaining soft.
- Leasing activity will mainly be the result of tenants upgrading from class B to class A space resulting in rising class B vacancy rates.

New York Downtown, New York

1991 Population	8,572,594
Avg. Ann. Change (1991-96)	0.3%
1991 Med. Household Income	$37,590
Fortune 500 Corporate HQ	
Industrial	40
Service	61
Avg. Ann. Employment Growth (1991-96)	0.7%
Unemployment Rate	8.6%
Commercial Market: CBD	
Inventory (msf)	108.03
Vacancy Rate	18.8%
Weighted Avg. Rent	$32.99
Commercial Market: Non-CBD	
Inventory (msf)	....
Vacancy Rate	....
Weighted Avg. Rent	....
Industrial Market:	
Available Space (msf)	
Manufacturing/Warehouse	....
Office Service/High Tech	....

1991 Commercial Review

- Leasing activity fell below anticipated levels due to weakened demand with the majority of transactions involving financial services firms.
- Class A rental rates decreased throughout the year causing Downtown to become increasingly competitive with Staten Island, Brooklyn, and the New Jersey waterfront.

1992 Commercial Outlook

- Primary vacancy rates should remain stable as new construction is at a standstill. Class A space currently on the market will remain vacant for some time in anticipation of improved market conditions.
- A surplus of secondary space will remain on the market unless major renovations are completed on older buildings.

New York Midtown, New York

1991 Population	8,572,594
Avg. Ann. Change (1991-96)	0.3%
1991 Med. Household Income	$37,590
Fortune 500 Corporate HQ	
Industrial	40
Service	61
Avg. Ann. Employment Growth (1991-96)	0.7%
Unemployment Rate	8.6%
Commercial Market: CBD	
Inventory (msf)	247.60
Vacancy Rate	17.3%
Weightnd Avg. Rent	$38.88
Commercial Market: Non-CBD	
Inventory (msf)	****
Vacancy Rate	****
Weighted Avg. Rent	****
Industrial Market:	
Available Space (msf)	
Manufacturing/Warehouse	****
Office Service/High Tech	****

1991 Commercial Review

- Rental rates in class A buildings declined steadily throughout the year as landlords made an effort to attract tenants in a slow market.
- Vacancy rates rose due to weak leasing activity coupled with space additions by firms experiencing consolidations, mergers and bankruptcies.

1992 Commercial Outlook

- Generous concession packages should continue to favor tenants hoping to capitalize on an overabundance of available space.
- An increase in the number of building renovations and improvements can be expected as older buildings experience increased competition from newly constructed properties.

Northern New Jersey

1991 Population	3,646,763
Avg. Ann. Change (1991-96)	0.3%
1991 Med. Household Income	$48,207
Fortune 500 Corporate HQ	
Industrial	14
Service	10
Avg. Ann. Employment Growth (1991-96)	0.5%
Unemployment Rate	6.7%
Commercial Market: CBD	
Inventory (msf)	****
Vacancy Rate	****
Weighted Avg. Rent	****
Commercial Market: Non-CBD	
Inventory (msf)	117.38
Vacancy Rate	24.5%
Weighted Avg. Rent	$22.06
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	58.18
Office Service/High Tech	8.47

1991 Commercial Review

- Activity was dominated by companies looking to take advantage of reduced rents by upgrading into premier office facilities.
- Although the class A vacancy rate steadily declined, the overall vacancy rate remained relatively stable due to the increased amount of available class B space.

1992 Commercial Outlook

- Rental rates and concession packages should firm due to a lack of new construction. Class B buildings which have been significantly upgraded may see renewed activity.
- New York-based companies are expected to continue to relocate their operations to more modern cost-effective New Jersey buildings.

1991 Industrial Review

- Leasing activity was steady as many tenants took advantage of the very attractive financial deals which were available.
- New Jersey's growing pharmaceutical industry was responsible for a significant amount of leasing activity taking space in many reasonably priced, high-quality facilities.

1992 Industrial Outlook

- New construction will continue to be limited to build-to-suit facilities due to a lack of available financing, company downsizings and significant available space.
- The Interstate 78 Corridor will remain New Jersey's most active R&D market, however, a shortage of this type of space is expected.

Northern Virginia

1991 Population	3,997,780
Avg. Ann. Change (1991-96)	1.8%
1991 Med. Household Income	$54,156
Fortune 500 Corporate HQ	
Industrial	7
Service	14
Avg. Ann. Employment Growth (1991-96)	1.6%
Unemployment Rate	4.3%
Commercial Market: CBD	
Inventory (msf)	****
Vacancy Rate	****
Weighted Avg. Rent	****
Commercial Market: Non-CBD	
Inventory (msf)	82.55
Vacancy Rate	17.5%
Weighted Avg. Rent	$21.73
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	4.88
Office Service/High Tech	7.30

1991 Commercial Review

- Office markets closer to Washington, D.C. fared better than those farther out. While Arlington County demonstrated strong net absorption, western Fairfax County experienced a major erosion of property values.
- Vacancy rates increased slightly as vacant new construction deliveries outpaced a lower level of net absorption.

1992 Commercial Outlook

- Because large availabilities have become rare in Arlington County, Fairfax County will become more attractive to larger office tenants.
- While lease concessions will begin to decrease for larger users in a few markets, smaller tenants will find an abundance of relet space with generous concessions.

1991 Industrial Review

- Lease concessions, ranging from 25 to 30 percent, remained high throughout the beginning of 1991, but began to fall by year-end.
- Leasing activity remained sluggish throughout the first half of 1991 but increased in the latter half of the year, boosted by activity from large flex-space users.

1992 Industrial Outlook

- Strong leasing activity and stable rental rates combined with little future speculative development should help ease industrial vacancy rates.
- A shortage of industrial space near Washington, D.C. and increasing demand for large blocks of warehouse/flex space will increase leasing activity in the overbuilt submarkets of Eastern Loudoun and Chantilly.

Philadelphia, Pennsylvania

1991 Population	4,887,417
Avg. Ann. Change (1991-96)	0.6%
1991 Med. Household Income	$39,038
Fortune 500 Corporate HQ	
Industrial	14
Service	15
Avg. Ann. Employment Growth (1991-96)	0.7%
Unemployment Rate	6.4%
Commercial Market: CBD	
Inventory (msf)	37.95
Vacancy Rate	14.2%
Weighted Avg. Rent	$23.48
Commercial Market: Non-CBD	
Inventory (msf)	40.04
Vacancy Rate	20.9%
Weighted Avg. Rent	$18.51
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	41.09
Office Service/High Tech	11.98

1991 Commercial Review

- The displacement of all tenants from One Meridian Plaza due to a fire resulted in approximately 400,000 sf of leasing activity in the CBD.
- The completion of two renovations totaling 1.2 msf, along with contractions in occupied space, contributed to an increase in the vacancy rate.

1992 Commercial Outlook

- The completion of sections of I-476 (the Blue Route) should improve accessibility in the non-CBD, making some markets more viable office locations.
- The vacancy rate may continue its upward trend as an increase in sublease availabilities results from corporate consolidations and space contractions.

1991 Industrial Review

- Increased corporate income tax in Pennsylvania, along with other increases in taxes on corporations, deterred expansion in some industries or led to migration to other states.
- Cutbacks in defense contracts have led to the consolidation of companies such as General Electric and Unisys, resulting in increased availabilities of high-tech space.

1992 Industrial Outlook

- Anticipated growth in pharmaceutical, medical and especially bio-medical industries will increase demand for high-tech, flex and manufacturing space.
- Leasing activity will be stronger than sales activity because of equity requirements by lenders and the reduced cost of leasing.

Pittsburgh, Pennsylvania

1991 Population	2,043,118
Avg. Ann. Change (1991-96)	-0.7%
1991 Med. Household Income	$29,776
Fortune 500 Corporate HQ	
Industrial	12
Service	5
Avg. Ann. Employment Growth (1991-96)	1.1%
Unemployment Rate	5.6%
Commercial Market: CBD	
Inventory (msf)	23.96
Vacancy Rate	15.9%
Weighted Avg. Rent	$20.63
Commercial Market: Non-CBD	
Inventory (msf)	12.90
Vacancy Rate	18.8%
Weighted Avg. Rent	$17.90
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	20.14
Office Service/High Tech	0.88

1991 Commercial Review

- In the CBD, there has been no new construction for two years as developments have been restricted by the lack of financing and stagnant corporate growth.
- Overall absorption in the suburban and CBD markets fell to half the level of 1990's total as tenants took a conservative approach toward expansions and relocations.

1992 Commercial Outlook

- The completions of the new Midfield Terminal and Southern Expressway will open over 1,000 acres of land for development along the Parkway West corridor.
- In the CBD, the class A vacancy rate will continue to decline causing average class A rental rates to slowly increase.

1991 Industrial Review

- Overall leasing activity climbed steadily, however, vacancy rates for warehouse distribution and manufacturing space rose due to increased supply.
- The majority of leasing transactions were under 20,000 sf, with the majority of demand from the service sector in flex and high-tech buildings.

1992 Industrial Outlook

- Leasing activity should marginally outpace sales transactions with major emphasis on the emergence of the high technology sector and its pertinent role in Pittsburgh's future.
- The completion of the first phase of the 49-acre Pittsburgh Technology Center should attract over 4,000 permanent jobs.

Princeton, New Jersey

1991 Population	1,363,438
Avg. Ann. Change (1991-96)	1.3%
1991 Med. Household Income	$53,850
Fortune 500 Corporate HQ	
Industrial	5
Service	6
Avg. Ann. Employment Growth (1991-96)	1.0%
Unemployment Rate	5.4%
Commercial Market: CBD	
Inventory (msf)	....
Vacancy Rate	....
Weighted Avg. Rent	....
Commercial Market: Non-CBD	
Inventory (msf)	13.47
Vacancy Rate	16.6%
Weighted Avg. Rent	$22.25
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	9.55
Office Service/High Tech	2.01

1991 Commercial Review

- There was a significant lack of leasing activity within the Princeton market primarily due to a shortage of available class A space.
- Due to the shortage of available class A space, the owners of better-quality buildings were able to marginally increase their effective rents.

1992 Commercial Outlook

- Because of the strong demand for large blocks of class A space, more build-to-suits for pharmaceutical and research firms should occur.
- Because of the anticipated amount of scheduled build-to-suit completions, it is expected that there will be an increased amount of available class A relet space.

1991 Industrial Review

- Leasing and sales activity was moderate as the majority of transactions were in the 10,000 to 35,000 sf range.
- The widening of the New Jersey Turnpike at exit 8A was completed, helping to ease the traffic flow.

1992 Industrial Outlook

- Standardized guidelines for environmental cleanup should streamline the process, facilitating future building sales.
- Tenants looking for over 200,000 sf will have few choices in existing buildings, spurring an increase in build-to-suit activity.

Southern New Hampshire

1991 Population	343,814
Avg. Ann. Change (1991-96)	2.1%
1991 Med. Household Income	$48,278
Fortune 500 Corporate HQ	
Industrial	1
Service	0
Avg. Ann. Employment Growth (1991-96)	1.4%
Unemployment Rate	7.3%
Commercial Market: CBD	
Inventory (msf)	....
Vacancy Rate	....
Weighted Avg. Rent	....
Commercial Market: Non-CBD	
Inventory (msf)	2.83
Vacancy Rate	15.2%
Weighted Avg. Rent	$14.52
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	....
Office Service/High Tech	....

1991 Commercial Review

- Market activity slowed due to the downturn in the local economy as well as ripple effects from the sluggish Massachusetts economy.
- The overall vacancy rate remained stable during the latter half of 1991.

1992 Commercial Outlook

- Rental rates are expected to stabilize after reaching a low point in 1991.
- The anticipated location of Deutsche Airbus at Pease Air Force Base in Portsmouth is expected to aid the local economy and create 2,000 to 3,000 new jobs.

Suburban Maryland

1991 Population	3,997,780
Avg. Ann. Change (1991-96)	1.8%
1991 Med. Household Income	$54,156
Fortune 500 Corporate HQ	
Industrial	7
Service	14
Avg. Ann. Employment Growth (1991-96)	1.6%
Unemployment Rate	4.3%
Commercial Market: CBD	
Inventory (msf)	....
Vacancy Rate	....
Weighted Avg. Rent	....
Commercial Market: Non-CBD	
Inventory (msf)	38.51
Vacancy Rate	18.5%
Weighted Avg. Rent	$22.27
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	....
Office Service/High Tech	....

1991 Commercial Review

- Consolidations, downsizings and sales of fully occupied office buildings to single users contributed to negative net absorption, particularly in Prince Georges County.
- Vacancy rates reached a mid-year high but rebounded by year-end with an increase in activity from the General Services Administration, telecommunication and computer-related firms.

1992 Commercial Outlook

- Vacancy rates should continue to decline as space is gradually absorbed and future construction continues to be fully leased, build-to-suit buildings.
- Large blocks of available class A space will become limited as speculative construction remains at a standstill.

Washington, D.C.

1991 Population	3,997,780
Avg. Ann. Change (1991-96)	1.8%
1991 Med. Household Income	$54,156
Fortune 500 Corporate HQ	
Industrial	7
Service	14
Avg. Ann. Employment Growth (1991-96)	1.6%
Unemployment Rate	4.3%
Commercial Market: CBD	
Inventory (msf)	78.83
Vacancy Rate	12.4%
Weighted Avg. Rent	$37.79
Commercial Market: Non-CBD	
Inventory (msf)	....
Vacancy Rate	....
Weighted Avg. Rent	....
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	....
Office Service/High Tech	....

1991 Commercial Review

- New construction deliveries remained strong with 16 new office buildings completed totaling 3.6 msf, a majority of which have been in the East End submarket.
- Net absorption was high in the East End submarket, while the traditional Central Business District submarket experienced negative absorption.

1992 Commercial Outlook

- The pace of new construction deliveries should slow somewhat, allowing for the eventual absorption of excess supply.
- The market should tighten for large space users as Downtown Washington, D.C. will have very limited amounts of contiguous class A space available over 200,000 sf.

Westchester County, New York

1991 Population	875,462
Avg. Ann. Change (1991-96)	0.1%
1991 Med. Household Income	$58,027
Fortune 500 Corporate HQ	
Industrial	4
Service	2
Avg. Ann. Employment Growth (1991-96)	1.0%
Unemployment Rate	5.2%
Commercial Market: CBD	
Inventory (msf)	6.43
Vacancy Rate	27.7%
Weighted Avg. Rent	$22.62
Commercial Market: Non-CBD	
Inventory (msf)	25.62
Vacancy Rate	15.1%
Weighted Avg. Rent	$21.07
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	....
Office Service/High Tech	....

1991 Commercial Review

- Smaller tenants of 5,000 to 8,000 sf continued to dominate transactions in the market.
- For the third consecutive year, Westchester County exhibited positive net absorption, reinforcing its position as a viable business location.

1992 Commercial Outlook

- Since limited new construction is planned, the overall vacancy rate in Westchester County should remain stable or begin to decline.
- Corporate amenities, such as athletic facilities and child care, will continue to be a critical factor in procuring and retaining tenants.

Chicago, Illinois

1991 Population	6,985,423
Avg. Ann. Change (1991-96)	0.2%
1991 Med. Household Income	$37,732
Fortune 500 Corporate HQ	
Industrial	39
Service	34
Avg. Ann. Employment Growth (1991-96)	0.8%
Unemployment Rate	7.0%
Commercial Market: CBD	
Inventory (msf)	111.64
Vacancy Rate	20.5%
Weighted Avg. Rent	$31.54
Commercial Market: Non-CBD	
Inventory (msf)	66.48
Vacancy Rate	22.9%
Weighted Avg. Rent	$23.97
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	75.68
Office Service/High Tech	5.35

1991 Commercial Review

- Many Chicago-area companies were forced to reduce staff and cut costs, resulting in large amounts of office space returning to the market.
- In the non-CBD, overall tenant activity kept pace with corporate consolidations and downsizing. Lack of new construction since the first quarter kept vacancy rates stable throughout the year.

1992 Commercial Outlook

- The delivery of four new office buildings and anticipated low tenant demand will result in increased vacancy rates and negative net absorption in the CBD.
- As new construction has come to a halt in the non-CBD, vacancy rates should begin to fall.

1991 Industrial Review

- National corporations and local businesses took a cautious approach to real estate needs, causing leasing and sales activity to fall short of 1990's levels.
- Office users that scaled back operations were attracted to the lower rental rates of office/service space compared to office buildings.

1992 Industrial Outlook

- The lack of speculative construction coupled with continued demand for industrial properties will cause a decrease in vacant space.
- There will be fewer lease and sale transactions over 100,000 sf, partly due to business consolidations and the downsizing of operations.

Detroit, Michigan

1991 Population	4,383,929
Avg. Ann. Change (1991-96)	0.0%
1991 Med. Household Income	$38,157
Fortune 500 Corporate HQ	
Industrial	9
Service	13
Avg. Ann. Employment Growth (1991-96)	0.8%
Unemployment Rate	8.8%
Commercial Market: CBD	
Inventory (msf)	12.15
Vacancy Rate	16.7%
Weighted Avg. Rent	$16.97
Commercial Market: Non-CBD	
Inventory (msf)	43.50
Vacancy Rate	20.3%
Weighted Avg. Rent	$16.98
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	34.48
Office Service/High Tech	5.73

1991 Commercial Review

- Net absorption and leasing activity kept pace with new construction completions in the non-CBD resulting in stabilized vacancy rates.
- New construction starts decreased dramatically by 50 percent from 1990 to 1991 in the suburban office market.

1992 Commercial Outlook

- Reduced new construction starts and continued positive absorption should put downward pressure on vacancy rates.
- Aggressive concessions should continue to be available to tenants through most of 1992 until the existing available supply decreases.

1991 Industrial Review

- Fewer large transactions and reduced tenant relocations led to a slight reduction in industrial leasing and sales activity.
- The Western Wayne County market dominated industrial leasing and sales activity with the majority of activity concentrated in the high technology sector.

1992 Industrial Outlook

- The availability of quality industrial buildings in Metro Detroit will contract as speculative construction declines causing a gradual increase in rental rates.
- The Metro Airport now allows limited access to its runways to better serve the freight service industry, which should increase activity in the area.

Atlanta, Georgia

1991 Population	2,913,797
Avg. Ann. Change (1991-96)	2.6%
1991 Med. Household Income	$41,005
Fortune 500 Corporate HQ	
Industrial	7
Service	11
Avg. Ann. Employment Growth (1991-96)	2.6%
Unemployment Rate	5.1%
Commercial Market: CBD	
Inventory (msf)	12.53
Vacancy Rate	22.8%
Weighted Avg. Rent	$20.25
Commercial Market: Non-CBD	
Inventory (msf)	71.27
Vacancy Rate	19.4%
Weighted Avg. Rent	$23.20
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	38.37
Office Service/High Tech	4.36

1991 Commercial Review

- Leasing activity was boosted by several large transactions including the corporate headquarters relocations of Holiday Inn and UPS, yet net absorption was down 16 percent from last year.
- Construction slowed dramatically with the completion of only 2.5 msf, the least amount of new space added since 1981.

1992 Commercial Outlook

- With at least a four-year supply of available space, new construction will be limited, centering around build-to-suit development.
- With few large contiguous availabilities and limited construction, small and mid-sized tenants will have the advantage over larger users — a reversal of the trend seen in the 1980s.

1991 Industrial Review

- The sluggish economy resulted in an increase in the amount of available space, keeping rental rates depressed and below those of other major metropolitan areas.
- Construction of office-service space ceased, enabling the vacancy rate to decline to approximately 20 percent — its lowest point since 1984.

1992 Industrial Outlook

- Ranking as the most desirable U.S. business location in various polls, Atlanta will continue to attract interest as a relocation and investment alternative.
- New construction will remain minimal and as large, top-quality properties are absorbed, users will be forced into older facilities or opt for build-to-suit projects.

Austin, Texas

1991 Population	602,413
Avg. Ann. Change (1991-96)	2.5%
1991 Med. Household Income	$31,382
Fortune 500 Corporate HQ	
Industrial	0
Service	0
Avg. Ann. Employment Growth (1991-96)	2.6%
Unemployment Rate	4.8%
Commercial Market: CBD	
Inventory (msf)	6.61
Vacancy Rate	23.6%
Weighted Avg. Rent	$17.89
Commercial Market: Non-CBD	
Inventory (msf)	14.12
Vacancy Rate	19.6%
Weighted Avg. Rent	$12.57
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	7.84
Office Service/High Tech	6.91

1991 Commercial Review

- The overall vacancy rate continued its slow-paced decline over the past two years from a high at year-end 1989.
- Building sales continued with the most activity concentrated in the west sectors of the Austin market.

1992 Commercial Outlook

- Austin once again made Fortune's "Top 10 Cities" and should see the continued successful recruitment of high-tech companies along with support firms.
- With no new speculative development planned, the overall vacancy rate should continue its downward trend causing rental rates to increase slightly.

1991 Industrial Review

- The electronics industry's continued interest in Austin has brought Applied Materials and Apple Computer to the city and once again increased the city's high-tech profile.
- Relocations from out-of-state, as well as in-state, have helped to sustain leasing activity.

1992 Industrial Outlook

- IBM will vacate approximately 900,000 sf in 1992, creating significant vacancy but also opening large blocks of contiguous space for relocations and expansions.
- Rental rates are expected to remain stable due to the lack of speculative development and continued local expansions.

Boca Raton, Florida

1991 Population	894,581
Avg. Ann. Change (1991-96)	3.2%
1991 Med. Household Income	$38,326
Fortune 500 Corporate HQ	
Industrial	0
Service	0
Avg. Ann. Employment Growth (1991-96)	3.6%
Unemployment Rate	10.7%
Commercial Market: CBD	
Inventory (msf)	****
Vacancy Rate	****
Weighted Avg. Rent	****
Commercial Market: Non-CBD	
Inventory (msf)	5.92
Vacancy Rate	29.7%
Weighted Avg. Rent	$20.98
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	1.35
Office Service/High Tech	0.57

1991 Commercial Review

- Motivated landlords and increased concessions spurred leasing activity, resulting in declining vacancy rates.
- Speculative construction decreased with only 100,000 sf completed.

1992 Commercial Outlook

- The vacancy rate should decline due to continued strong activity, positive net absorption and a lack of new construction.
- Relocations from out-of-state as well as from Broward and Dade Counties are expected due to Boca Raton's central location, lower rental rates and liberal lease concessions.

1991 Industrial Review

- An active market and lack of new construction led to a decline in the vacancy rate to the mid-teens.
- Numerous firms relocated from out-of-state, attracted by Florida's low corporate taxes, educated labor pool and inexpensive rents.

1992 Industrial Outlook

- Vacancy rates will continue to decline as existing space is absorbed. Tenant concessions will remain liberal until this absorption tightens the market.
- Build-to-suit projects will be the only new construction as more companies choose to relocate to the area.

Dallas, Texas

1991 Population	2,606,828
Avg. Ann. Change (1991-96)	2.0%
1991 Med. Household Income	$36,680
Fortune 500 Corporate HQ	
Industrial	14
Service	17
Avg. Ann. Employment Growth (1991-96)	2.4%
Unemployment Rate	5.8%
Commercial Market: CBD	
Inventory (msf)	31.52
Vacancy Rate	30.2%
Weighted Avg. Rent	$20.02
Commercial Market: Non-CBD	
Inventory (msf)	96.27
Vacancy Rate	26.1%
Weighted Avg. Rent	$14.42
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	25.93
Office Service/High Tech	4.97

1991 Commercial Review

- With no speculative construction since 1989, companies such as GTE and Oryx Energy increasingly looked toward build-to-suit and single-tenant projects.
- Although CBD net absorption remained negative throughout the year, the LBJ Freeway, Turtle Creek/Oak Lawn and Far North Dallas submarkets experienced strong activity.

1992 Commercial Outlook

- Vacancy rates will continue upward as tenants reduce staff and space needs and large companies relocate to build-to-suit facilities.
- Tenants will continue to look to lower-cost alternatives such as subleasing quality space and renewing existing leases.

1991 Industrial Review

- Leasing activity remained steady, spurred by falling rental rates and greater amounts of available sublease space on the market.
- Defense industry tenants including LTV, General Dynamics and Texas Instruments, as well as other large companies, experienced major employee layoffs due to a weak local economy.

1992 Industrial Outlook

- Growth will be slow with tenants taking a conservative approach to the market by signing short-term leases.
- Land will remain primarily user-driven with values continuing their downward trend and build-to-suit tenants paying the highest price for sites in planned industrial parks.

Fort Lauderdale, Florida

1991 Population	1,279,554
Avg. Ann. Change (1991-96)	1.8%
1991 Med. Household Income	$36,253
Fortune 500 Corporate HQ	
Industrial	0
Service	0
Avg. Ann. Employment Growth (1991-96)	2.2%
Unemployment Rate	8.4%
Commercial Market: CBD	
Inventory (msf)	3.28
Vacancy Rate	23.3%
Weighted Avg. Rent	$23.93
Commercial Market: Non-CBD	
Inventory (msf)	12.68
Vacancy Rate	26.1%
Weighted Avg. Rent	$17.99
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	6.30
Office Service/High Tech	1.55

1991 Commercial Review

- Despite stringent lending policies, increasing vacancy rates and decreasing rental rates, development activity was strong in Broward County, especially in the CBD.
- Companies from Dade County continue to relocate north to Broward County, with an emphasis on the southwestern suburban markets.

1992 Commercial Outlook

- Construction will be non-existent in the CBD, as an already overbuilt market tries to absorb the large amount of new space completed during 1990 and 1991.
- As more firms relocate to Plantation and Pembroke Pines-Miramar, these markets will experience an increase in build-to-suit projects and leasing activity.

1991 Industrial Review

- Broward County has evolved into the distribution center for South Florida and has attracted many distribution-related companies.
- Relocations from Dade County provided increased demand and although there was only one speculative development completed, build-to-suit projects increased.

1992 Industrial Outlook

- New construction will remain minimal with the majority of the activity taking place in the form of build-to-suit projects.
- Absorption levels will be high and the vacancy rate will continue to decrease due to the lack of new speculative construction. Lease concessions are also expected to decrease.

Houston, Texas

1991 Population	3,324,724
Avg. Ann. Change (1991-96)	0.7%
1991 Med. Household Income	$32,737
Fortune 500 Corporate HQ	
Industrial	16
Service	11
Avg. Ann. Employment Growth (1991-96)	2.1%
Unemployment Rate	5.6%
Commercial Market: CBD	
Inventory (msf)	35.37
Vacancy Rate	21.9%
Weighted Avg. Rent	$17.67
Commercial Market: Non-CBD	
Inventory (msf)	103.90
Vacancy Rate	24.8%
Weighted Avg. Rent	$14.83
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	25.35
Office Service/High Tech	4.16

1991 Commercial Review

- As sales and leasing activity improved, vacancy rates declined and rental rates increased modestly.
- Increased demand spurred build-to-suit construction due to the lack of large contiguous blocks of available class A space.

1992 Commercial Outlook

- Rental rates will increase slightly as vacancy rates continue to decline in class A properties.
- Employment growth should continue a slight upward trend, however, businesses have become cautious in regard to expansions and relocations.

1991 Industrial Review

- The industrial market continued to strengthen as occupancy rates reached 85 to 90 percent and rental rates increased.
- The build-to-suit market was strong as the city experienced little speculative development and virtually ran out of quality, large contiguous availabilities.

1992 Industrial Outlook

- Due to a perceived obsolescence of older facilities and a lack of large contiguous space, companies with specific requirements will continue to look to build-to-suit projects.
- The North Houston/Intercontinental Airport area will continue to be the healthiest industrial market as air freight and import/export businesses continue to grow at a rapid pace.

Louisville, Kentucky

1991 Population	953,260
Avg. Ann. Change (1991-96)	0.1%
1991 Med. Household Income	$30,320
Fortune 500 Corporate HQ	
Industrial	1
Service	2
Avg. Ann. Employment Growth (1991-96)	0.8%
Unemployment Rate	6.1%
Commercial Market: CBD	
Inventory (msf)	7.63
Vacancy Rate	18.8%
Weighted Avg. Rent	$17.15
Commercial Market: Non-CBD	
Inventory (msf)	5.51
Vacancy Rate	14.1%
Weighted Avg. Rent	$15.92
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	4.07
Office Service/High Tech	0.14

1991 Commercial Review

- Humana Inc. and United Parcel Service consolidated into company-owned facilities, vacating over 200,000 sf in the non-CBD.
- CBD class A vacancy rates remained low exerting upward pressure on rental rates and renewed interest in the 1.0 msf of projects currently under construction.

1992 Commercial Outlook

- Until suburban vacancies decline substantially, the only development activity will be build-to-suit or small projects with significant preleasing.
- With a class A vacancy rate of 6.6 percent, CBD activity will focus on class B buildings as there will be a shortage of class A space until the completion of Capital Holding Center in late 1992.

1991 Industrial Review

- Leasing activity was slower than years past with the average transaction considerably smaller than usual, ranging from 20,000 to 40,000 sf.
- Vacancy rates hovered in the mid to high 20 percent range due to the slowdown in overall activity and the continued availability of several large single-tenant facilities.

1992 Industrial Outlook

- The airport expansion is expected to be well underway in 1992, creating heightened demand for industrial buildings.
- Activity will increase and the virtual halt in new construction will focus attention on existing buildings and developments.

Memphis, Tennessee

1991 Population	991,935
Avg. Ann. Change (1991-96)	1.0%
1991 Med. Household Income	$30,560
Fortune 500 Corporate HQ	
Industrial	0
Service	3
Avg. Ann. Employment Growth (1991-96)	1.8%
Unemployment Rate	5.5%
Commercial Market: CBD	
Inventory (msf)	3.40
Vacancy Rate	23.1%
Weighted Avg. Rent	$14.15
Commercial Market: Non-CBD	
Inventory (msf)	11.49
Vacancy Rate	16.1%
Weighted Avg. Rent	$15.66
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	11.23
Office Service/High Tech	1.03

1991 Commercial Review

- Growth in law and accounting firms as well as government spending for construction spurred CBD activity and contributed to increased absorption.
- Construction was completed on the Great American Pyramid which houses a 20,000-seat arena, as well as a museum and restaurants.

1992 Commercial Outlook

- Increased leasing activity and absorption experienced in the non-CBD at the end of the year should continue as several large users enter the market.
- Continued government spending as well as the completion of the Great American Pyramid should have a positive effect on CBD leasing activity and net absorption.

1991 Industrial Review

- Leasing activity remained strong due to internal growth of existing local companies and out-of-town companies relocating to Memphis.
- Although 1 msf of speculative warehouse space was added, strong demand resulted in an increase in occupancy.

1992 Industrial Outlook

- Rental rates will rise due to the slowdown in speculative development and increased demand. Build-to-suit activity is expected to remain strong.
- Leasing activity will remain steady as existing distribution operations require more space and new distribution companies relocate to Memphis.

Miami, Florida

1991 Population	1,967,508
Avg. Ann. Change (1991-96)	1.5%
1991 Med. Household Income	$33,811
Fortune 500 Corporate HQ	
Industrial	2
Service	5
Avg. Ann. Employment Growth (1991-96)	1.3%
Unemployment Rate	9.5%
Commercial Market: CBD	
Inventory (msf)	11.19
Vacancy Rate	27.2%
Weighted Avg. Rent	$26.33
Commercial Market: Non-CBD	
Inventory (msf)	21.47
Vacancy Rate	21.4%
Weighted Avg. Rent	$17.87
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	11.73
Office Service/High Tech	1.08

1991 Commercial Review

- Absorption was positive in the CBD for the first time since 1989, due largely to government agencies consolidating into class B and C buildings downtown.
- New construction near the airport was successful as demand increased in the international business sector and shifted towards less expensive space.

1992 Commercial Outlook

- The takeover of Southeast Bank by First Union Corp. will result in increased vacancy rates, depressed rental rates and negative absorption, especially in class A CBD properties.
- More emphasis on build-to-suit and renovation activity will occur, with the exception of the airport area which may see speculative development especially in corporate office parks.

1991 Industrial Review

- The demise of several financial institutions reinforced conservative lending policies and held construction to its lowest level in more than a decade.
- Strong demand, particularly by apparel and trade companies, held vacancy rates in the 8 to 10 percent range.

1992 Industrial Outlook

- Freight forwarding and import/export companies will continue to fuel activity in the Airport/West Dade submarket, supporting the volume of goods that pass through Miami International Airport.
- The completion of Gratigny Parkway will provide another incentive for companies to locate in Gratigny Central, the new "Enterprise Zone" business park.

Orlando, Florida

1991 Population	1,110,442
Avg. Ann. Change (1991-96)	3.2%
1991 Med. Household Income	$35,436
Fortune 500 Corporate HQ	
Industrial	1
Service	1
Avg. Ann. Employment Growth (1991-96)	2.8%
Unemployment Rate	7.0%
Commercial Market: CBD	
Inventory (msf)	5.18
Vacancy Rate	15.6%
Weighted Avg. Rent	$23.34
Commercial Market: Non-CBD	
Inventory (msf)	12.31
Vacancy Rate	17.9%
Weighted Avg. Rent	$16.78
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	4.99
Office Service/High Tech	1.50

1991 Commercial Review

- A decrease in net absorption was due in part to corporate consolidations and contractions in space requirements.
- The lack of new construction, coupled with moderate demand, resulted in a decrease in the overall vacancy rate; however, the availability of sublease space increased.

1992 Commercial Outlook

- Net absorption will strengthen causing vacancy rates to fall, lease concessions to decrease and effective rents to increase.
- Owner-occupied and build-to-suit projects will dominate office market development.

1991 Industrial Review

- A significant amount of bulk distribution buildings were delivered, raising the vacancy rate and lowering rental rates due to increased competition among landlords.
- Orlando continued to attract companies looking for build-to-suit opportunities.

1992 Industrial Outlook

- Strong absorption of bulk distribution space is expected in the south Orlando submarkets, with rental rates firming up as excess space is leased.
- As additional REO properties and lack of financing continue to restrict speculative construction, build-to-suit projects will fuel Orlando's industrial development.

San Antonio, Texas

1991 Population	1,325,003
Avg. Ann. Change (1991-96)	1.7%
1991 Med. Household Income	$27,061
Fortune 500 Corporate HQ	
Industrial	3
Service	1
Avg. Ann. Employment Growth (1991-96)	1.5%
Unemployment Rate	6.3%
Commercial Market: CBD	
Inventory (msf)	5.04
Vacancy Rate	34.5%
Weighted Avg. Rent	$12.76
Commercial Market: Non-CBD	
Inventory (msf)	14.42
Vacancy Rate	25.9%
Weighted Avg. Rent	$11.39
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	7.78
Office Service/High Tech	1.63

1991 Commercial Review

- Available space decreased slightly, despite continued consolidations of local financial institutions. San Antonio experienced renewed interest in the office market with several investor purchases.
- Overall vacancy rates in the non-CBD continued their downward trend. Large blocks of contiguous space were difficult to find as the class A market tightened.

1992 Commercial Outlook

- Steady absorption should continue, especially in suburban class A space, as San Antonio's low cost of labor encourages moderate business expansion.
- Rental rates in class A space should continue to increase as vacancy rates decline further.

1991 Industrial Review

- The overall industrial market tightened significantly as several large blocks of space were absorbed.
- Office service center space and available land in industrial parks continue to be in oversupply, keeping prices depressed.

1992 Industrial Outlook

- The overall market should continue to firm up and rental rates are likely to increase 10 to 20 percent due to diminished supply and increased property taxes.
- With no speculative development planned, build-to-suit projects will be the primary choice for tenants requiring large class A warehouse space.

Tampa, Florida

1991 Population	2,112,193
Avg. Ann. Change (1991-96)	2.0%
1991 Med. Household Income	$29,626
Fortune 500 Corporate HQ	
Industrial	1
Service	3
Avg. Ann. Employment Growth (1991-96)	2.0%
Unemployment Rate	7.0%
Commercial Market: CBD	
Inventory (msf)	5.78
Vacancy Rate	24.2%
Weighted Avg. Rent	$21.68
Commercial Market: Non-CBD	
Inventory (msf)	14.60
Vacancy Rate	18.2%
Weighted Avg. Rent	$16.52
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	5.70
Office Service/High Tech	1.13

1991 Commercial Review

- Large blocks of contiguous space decreased greatly in the non-CBD, causing effective rates to rise significantly, while smaller blocks of space can still be obtained at competitive rates.
- Leasing activity and net absorption weakened in the non-CBD but strengthened downtown, with the majority of activity occurring among utility, insurance and government-related firms.

1992 Commercial Outlook

- CBD construction deliveries of 1.1 msf will bring the vacancy rate into the mid-30 percent range, if demand remains constant.
- Climbing rental rates in the non-CBD for full-floor users may cause a shift in demand to the CBD or build-to-suit projects in the eastern markets.

1991 Industrial Review

- Demand for industrial space was soft, resulting in lower effective rates and very little new construction.
- Leasing activity in older, less expensive properties increased due to the inability of class A developments to offer competitive rates.

1992 Industrial Outlook

- Although demand for space in the Airport submarket was sluggish, vacancy rates are expected to decline due to the lack of new construction.
- Effective rates are expected to rise, particularly in bulk warehouse space. Older properties will witness this increase sooner due to higher demand for this traditionally lower-cost space.

West Palm Beach, Florida

1991 Population	894,581
Avg. Ann. Change (1991-96)	3.2%
1991 Med. Household Income	$38,326
Fortune 500 Corporate HQ	
Industrial	0
Service	1
Avg. Ann. Employment Growth (1991-96)	3.6%
Unemployment Rate	10.7%
Commercial Market: CBD	
Inventory (msf)	2.25
Vacancy Rate	26.8%
Weighted Avg. Rent	$25.71
Commercial Market: Non-CBD	
Inventory (msf)	6.62
Vacancy Rate	30.8%
Weighted Avg. Rent	$18.43
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	1.57
Office Service/High Tech	0.37

1991 Commercial Review

- Vacancy rates increased and rental rates decreased despite the absence of any new construction.
- The $435 million Uptown/Downtown revitalization project was stalled by the lagging real estate market and the 76 acres of land now remain vacant.

1992 Commercial Outlook

- New construction will remain non-existent and leasing activity is expected to remain at the current low levels.
- Rental rates will hold steady or decrease slightly as landlords compete for tenants. Building foreclosures will keep sale prices below their original mortgage values.

1991 Industrial Review

- The lack of new construction allowed vacancy rates to decrease further and edged effective rental rates up slightly, although rates still remain below past years.
- Land prices and building sales fell to an all-time low as investors left the market.

1992 Industrial Outlook

- With no speculative development and minimal build-to-suit activity planned, vacancy rates will decrease, but tenant concessions will remain liberal and rental rates low.
- Land and building sales are expected to remain below normal levels due to lack of demand.

Bellevue, Washington

1991 Population	2,017,587
Avg. Ann. Change (1991-96)	2.1%
1991 Med. Household Income	$36,921
Fortune 500 Corporate HQ	
Industrial	4
Service	8
Avg. Ann. Employment Growth (1991-96)	2.1%
Unemployment Rate	4.2%
Commercial Market: CBD	
Inventory (msf)	3.77
Vacancy Rate	10.0%
Weighted Avg. Rent	$20.20
Commercial Market: Non-CBD	
Inventory (msf)	11.04
Vacancy Rate	16.4%
Weighted Avg. Rent	$20.50
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	0.59
Office Service/High Tech	1.33

1991 Commercial Review

- The Bellevue City Council approved changes to its Downtown Plan which placed restrictions on CBD development, including a 450-foot cap on building heights.
- A decline in the CBD vacancy rate was spurred by no new construction and a significant lease by Microsoft Corporation. The non-CBD vacancy rate rose slightly.

1992 Commercial Outlook

- Financing restrictions, preleasing requirements and growth limitations will continue to affect new development throughout the Eastside.
- Continued demand and limited available space will continue the trends of rising rental rates, decreasing vacancy rates and diminishing lease concessions.

1991 Industrial Review

- Significant new construction combined with strong preleasing activity caused the vacancy rate to remain stable throughout the year.
- Due to strong leasing activity, net absorption of industrial space rebounded significantly, recovering from a notable decrease during the second quarter.

1992 Industrial Outlook

- Limited financing and a lengthy permitting process will continue to stall development of proposed projects.
- Increased preleasing requirements will result in less speculative development and more build-to-suit projects.

Beverly Hills/Century City, California

1991 Population	9,011,206
Avg. Ann. Change (1991-96)	1.6%
1991 Med. Household Income	$40,781
Fortune 500 Corporate HQ	
Industrial	12
Service	27
Avg. Ann. Employment Growth (1991-96)	1.8%
Unemployment Rate	8.5%
Commercial Market: CBD	
Inventory (msf)	****
Vacancy Rate	****
Weighted Avg. Rent	****
Commercial Market: Non-CBD	
Inventory (msf)	39.86
Vacancy Rate	22.6%
Weighted Avg. Rent	$32.04
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	****
Office Service/High Tech	****

1991 Commercial Review

- Moderate leasing activity on the Westside was offset by new construction deliveries, causing the overall vacancy rate to increase.
- Lease concessions remained aggressive as an imbalance between the supply and demand of high-quality office space caused heightened competition among landlords for tenants.

1992 Commercial Outlook

- Decreased construction deliveries should provide a stabilizing effect on the Westside market allowing supply and demand to move towards equilibrium.
- Lease concessions should begin to decrease by mid-year if an improvement is seen in the local economy.

Contra Costa, California

1991 Population	2,117,833
Avg. Ann. Change (1991-96)	1.6%
1991 Med. Household Income	$42,061
Fortune 500 Corporate HQ	
Industrial	2
Service	3
Avg. Ann. Employment Growth (1991-96)	2.4%
Unemployment Rate	5.4%
Commercial Market: CBD	
Inventory (msf)	****
Vacancy Rate	****
Weighted Avg. Rent	****
Commercial Market: Non-CBD	
Inventory (msf)	22.18
Vacancy Rate	16.8%
Weighted Avg. Rent	$19.08
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	4.02
Office Service/High Tech	1.25

1991 Commercial Review

- Both leasing activity and net absorption tapered off, though vacancy rates dwindled slightly. A number of firms relocated to the East Bay from San Francisco.
- Office development has come to a virtual standstill due to previous overbuilding and tightened lending conditions.

1992 Commercial Outlook

- Limited large blocks of available space may lead to increased rental rates and build-to-suit projects. Some demand may be offset by sublease availabilities.
- The decline of commercial property values and the subsequent erosion in equity may contribute to additional building foreclosures resulting in opportunities for savvy investors.

1991 Industrial Review

- Industrial inventory growth declined, with the only new development occurring in the Tri-Valley area around southern I-680 and in parts of Solano County along I-80.
- Leasing and sales activity was slow in most markets as major users adopted a tentative attitude and lending policies remained conservative.

1992 Industrial Outlook

- Lower land prices, affordable housing and favorable demographics will continue to benefit areas such as Livermore, Napa, Fairfield and Vacaville, which are growth zones for future development.
- Build-to-suit transactions, land sales and leasing activity should increase moderately. No new speculative development and steady demand will lead to stable conditions.

Denver, Colorado

1991 Population	1,833,348
Avg. Ann. Change (1991-96)	0.6%
1991 Med. Household Income	$35,532
Fortune 500 Corporate HQ	
Industrial	4
Service	3
Avg. Ann. Employment Growth (1991-96)	1.2%
Unemployment Rate	3.9%
Commercial Market: CBD	
Inventory (msf)	24.02
Vacancy Rate	22.4%
Weighted Avg. Rent	$12.18
Commercial Market: Non-CBD	
Inventory (msf)	47.91
Vacancy Rate	21.4%
Weighted Avg. Rent	$14.24
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	13.73
Office Service/High Tech	3.10

1991 Commercial Review

- Despite positive CBD absorption, the overall vacancy rate increased as energy companies and financial institutions added large amounts of sublease space to the market.
- Investment activity increased as out-of-state investors realized the upside potential of the Denver market. This was most evident in the Southeast Suburban markets.

1992 Commercial Outlook

- Fueled by internal growth, the metro-wide recovery will continue. However, the CBD will remain a problem until excess sublease space is removed from the market.
- Southeast Suburban rental rates should continue to rise as vacancies decrease. If rates reach the $20-psf level and financing is available, new construction could be feasible.

1991 Industrial Review

- Both institutional and individual investors have seen the future potential of the Denver market; many of the best-located, well-leased, newer properties were sold.
- The sale and leasing of manufacturing buildings was strong, as high-tech and light manufacturing firms expanded; absorption of warehouse/distribution space declined.

1992 Industrial Outlook

- Lack of newer, state-of-the-art, high-cube buildings will create build-to-suit opportunities. The surplus of older, obsolete properties continues to grow.
- Investor interest in industrial property will continue as property values remain low and purchase prices stay well below construction costs.

Los Angeles, California

1991 Population	9,011,206
Avg. Ann. Change (1991-96)	1.8%
1991 Med. Household Income	$40,781
Fortune 500 Corporate HQ	
Industrial	12
Service	27
Avg. Ann. Employment Growth (1991-96)	1.8%
Unemployment Rate	8.5%
Commercial Market: CBD	
Inventory (msf)	27.70
Vacancy Rate	25.2%
Weighted Avg. Rent	$29.79
Commercial Market: Non-CBD	
Inventory (msf)	42.78
Vacancy Rate	18.7%
Weighted Avg. Rent	$24.75
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	55.84
Office Service/High Tech	3.60

1991 Commercial Review

- Construction completions totaling 5.1 msf raised vacancy rates, the level of competition and the amount of rental concessions in many areas.
- Leasing activity remained strong as tenants in second-generation space took advantage of attractive deals in newly completed and under construction buildings.

1992 Commercial Outlook

- Competition among landlords should remain intense in many submarkets as newly and soon to be completed projects vie for tenants.
- The Burbank Media District and Universal City leasing markets should remain tight primarily due to continued demand by the entertainment sector.

1991 Industrial Review

- Large manufacturing and distribution tenants continued to migrate to outlying locales prompted by lower land values and rental rates.
- Manufacturing and distribution industries continued to be affected by the economic slowdown and consolidation of defense/aerospace companies.

1992 Industrial Outlook

- Industrial sale prices and lease rates should remain suppressed as the current oversupply of vacant space is absorbed.
- Industrial space users in the garment district should continue to migrate from Downtown Los Angeles to peripheral markets due to lower lease rates and values.

Los Angeles North, California

1991 Population	684,407
Avg. Ann. Change (1991-96)	2.1%
1991 Med. Household Income	$44,947
Fortune 500 Corporate HQ	
Industrial	1
Service	0
Avg. Ann. Employment Growth (1991-96)	3.3%
Unemployment Rate	7.6%
Commercial Market: CBD	
Inventory (msf)	****
Vacancy Rate	****
Weighted Avg. Rent	****
Commercial Market: Non-CBD	
Inventory (msf)	37.46
Vacancy Rate	21.5%
Weighted Avg. Rent	$26.64
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	17.75
Office Service/High Tech	4.43

1991 Commercial Review

- Due to the lack of financing, many proposed projects had their commencement dates postponed or have been put on hold indefinitely.
- Rental rates remained stable with increased concessions from owners; net absorption decreased from 1990 levels.

1992 Commercial Outlook

- Several developers have proposed buildings totaling over 3.0 msf for Warner Center. In 1992, the Planning Commission will determine which projects will be approved.
- There will be a slowdown in new construction due to the lack of available financing for speculative projects.

1991 Industrial Review

- Since 1990 there has been a 30 percent increase in the amount of available space while leasing activity decreased 50 percent from last year.
- Rental rates have declined 10 to 25 percent since 1990. Owners continued to make aggressive concessions on lease transactions in order to attract tenants.

1992 Industrial Outlook

- A number of large manufacturers are expected to leave the area vacating over 2.0 msf, much of which is special-purpose space utilized by defense and automotive tenants.
- Construction completions are expected to decline as pre-leasing will be necessary in order to obtain financing for speculative projects.

Los Angeles South, California

1991 Population	9,011,206
Avg. Ann. Change (1991-96)	1.6%
1991 Med. Household Income	$40,781
Fortune 500 Corporate HQ	
Industrial	12
Service	27
Avg. Ann. Employment Growth (1991-95)	1.8%
Unemployment Rate	8.5%
Commercial Market: CBD	
Inventory (msf)	....
Vacancy Rate	....
Weighted Avg. Rent	....
Commercial Market: Non-CBD	
Inventory (msf)	32.07
Vacancy Rate	23.0%
Weighted Avg. Rent	$22.32
Industrial Market Available Space (msf)	
Manufacturing/Warehouse	28.13
Office Service/High Tech	2.69

1991 Commercial Review

- Consolidation of defense/aerospace firms created an excess supply of large contiguous sublease availabilities which are competing with direct space, driving rental rates down.
- Speculative office development ended in the South Bay due to high vacancy rates, lack of demand and economic uncertainty.

1992 Commercial Outlook

- The LAX/El Segundo markets, which were hardest hit by the defense/aerospace consolidations, are expected to slowly recover as conditions stabilize.
- Rental rates will continue to be soft. Many landlords will still lack the available capital necessary for tenant improvements and leasing commissions.

1991 Industrial Review

- Rental rates and sale prices fell throughout the year due to lack of demand caused in part by economic uncertainty and cautious decision-making.
- Activity from Pacific Rim firms declined primarily because of problems within the Japanese financial markets.

1992 Industrial Outlook

- The industrial market is expected to recover faster than the commercial market due to less surplus availabilities and confidence that the recessionary period is waning.
- Additional cargo capacity and the growth of the ports of Los Angeles/Long Beach will continue to bolster demand for warehouse/distribution facilities located nearby.

Newport Beach/Irvine, California

1991 Population	2,459,655
Avg. Ann. Change (1991-96)	1.9%
1991 Med. Household Income	$51,005
Fortune 500 Corporate HQ	
Industrial	3
Service	6
Avg. Ann. Employment Growth (1991-96)	3.4%
Unemployment Rate	4.7%
Commercial Market: CBD	
Inventory (msf)	24.13
Vacancy Rate	25.3%
Weighted Avg. Rent	$22.56
Commercial Market: Non-CBD	
Inventory (msf)	7.60
Vacancy Rate	22.7%
Weighted Avg. Rent	$21.60
Industrial Market Available Space (msf)	
Manufacturing/Warehouse	10.11
Office Service/High Tech	6.79

1991 Commercial Review

- Preleasing activity in newly completed class A projects contributed to an approximately 0.5 msf increase in absorption over last year.
- New construction in Orange County came to a virtual halt due to oversupply, high vacancy rates and tight lending practices.

1992 Commercial Outlook

- Service-sector job growth rates, while still positive, will be considerably lower than in the past resulting in decreased demand for office space.
- Sublease availabilities should continue to increase gradually as tenants take advantage of favorable market conditions and relocate prior to their lease expirations.

1991 Industrial Review

- Leasing activity in all industrial product types remained fairly slow with rental rates down an average of 15 to 20 percent over last year.
- Sportswear and bio-medical/health-related industries led market activity. Caution dominated the decisions of both tenants and investors.

1992 Industrial Outlook

- State and local officials are increasingly aware of the pressure on manufacturers to remain profitable; legislative action to improve the economic climate is expected.
- Despite environmental opposition to new transportation corridors, significant improvements to the infrastructure are underway, increasing access and mobility throughout Orange County.

Oakland, California

1991 Population	2,117,833
Avg. Ann. Change (1991-96)	1.6%
1991 Med. Household Income	$42,061
Fortune 500 Corporate HQ	
Industrial	2
Service	3
Avg. Ann. Employment Growth (1991-96)	2.4%
Unemployment Rate	5.4%
Commercial Market: CBD	
Inventory (msf)	11.19
Vacancy Rate	15.6%
Weighted Avg. Rent	$25.92
Commercial Market: Non-CBD	
Inventory (msf)	11.09
Vacancy Rate	19.8%
Weighted Avg. Rent	$20.04
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	17.29
Office Service/High Tech	2.05

1991 Commercial Review

- Minimal new construction occurred in Oakland's CBD as developers have continued to be cautious. Preleasing became the deciding factor in speculative development.
- The leasing of large, contiguous blocks of class A space remained relatively strong resulting in a limited supply by year-end.

1992 Commercial Outlook

- Oakland's CBD currently has two owner-occupied buildings under construction. With their completion should come an increase in demand for speculative space for ancillary users.
- With the lack of construction completions vacancy rates should begin to tighten, and major developers may look to build primarily for specific tenants or corporate owners.

1991 Industrial Review

- Although leasing activity was relatively strong, net absorption levels were minimal due to significant consolidations.
- New construction deliveries came to a virtual standstill due to weakening economic conditions and stringent financing requirements.

1992 Industrial Outlook

- Large blocks of contiguous space will become increasingly difficult to locate forcing tenants to look outside the market or focus on build-to-suit alternatives.
- The lack of new construction should allow vacancy rates to decline and effective rental rates to increase provided demand strengthens.

Ontario, California

1991 Population	2,711,154
Avg. Ann. Change (1991-96)	4.1%
1991 Med. Household Income	$33,043
Fortune 500 Corporate HQ	
Industrial	1
Service	0
Avg. Ann. Employment Growth (1991-96)	3.5%
Unemployment Rate	9.1%
Commercial Market: CBD	
Inventory (msf)	****
Vacancy Rate	****
Weighted Avg. Rent	****
Commercial Market: Non-CBD	
Inventory (msf)	7.04
Vacancy Rate	22.5%
Weighted Avg. Rent	$10.44
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	13.12
Office Service/High Tech	1.80

1991 Commercial Review

- Leasing activity was strong and exceeded 1990 levels. Vacancy rates decreased in Ontario/Rancho Cucamonga and the Riverside/San Bernardino markets substantially tightened.
- Reduced rental rates coupled with generous concessions fueled strong absorption in class A projects. Average transaction size was 1,500 to 3,000 sf, mainly in the FIRE sector.

1992 Commercial Outlook

- Minimal new construction and steady demand should allow vacancy rates to continue their decline. Substantial preleasing commitments will be required to obtain construction financing.
- By mid-1992, major tenants may be faced with limited opportunities due to a shortage of large contiguous availabilities and a lack of new construction.

1991 Industrial Review

- Market activity was stimulated by reduced lease rates and sales prices, which are down 10 to 15 percent from last year, as well as attractive concession packages.
- Leasing activity totaled approximately 6.0 msf, which is lower than 1989 and 1990 levels, leaving approximately two years of available supply.

1992 Industrial Outlook

- Reduced speculative construction activity, due to the lack of available financing and the sluggish local economy, should lead to an increase in build-to-suit activity.
- Leasing activity should increase during the first half of 1992 with strong activity in small free-standing and "big box" buildings.

Orange/Anaheim, California

1991 Population	2,459,655
Avg. Ann. Change (1991-96)	1.9%
1991 Med. Household Income	$51,005
Fortune 500 Corporate HQ	
Industrial	3
Service	6
Avg. Ann. Employment Growth (1991-96)	3.4%
Unemployment Rate	4.7%
Commercial Market: CBD	
Inventory (msf)	8.97
Vacancy Rate	18.3%
Weighted Avg. Rent	$20.28
Commercial Market: Non-CBD	
Inventory (msf)	9.29
Vacancy Rate	20.1%
Weighted Avg. Rent	$20.40
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	10.79
Office Service/High Tech	2.20

1991 Commercial Review

- Due to slow market conditions, companies reacted by downsizing present operations, causing an increase in sublease availabilities.
- New construction came to a halt as developers experience difficulty in financing new projects due to increased pressure from federal regulators on lending institutions.

1992 Commercial Outlook

- The future outlook for the development of speculative office space will be contingent upon securing anchor tenants and the necessary financing.
- Local transportation issues remain a pressing issue. Both publicly and privately funded road improvement programs are slated to begin in the upcoming year.

1991 Industrial Review

- Sales and leasing activity for 1991 declined approximately 20 percent from 1990 levels.
- Developers who control land switched from constructing speculative buildings to promoting build-to-suit opportunities, which are still financeable for credit-worthy tenants.

1992 Industrial Outlook

- Central/North Orange County should experience moderate activity in warehouse/assembly-type operations.
- Due to current economic restraints and new construction cutbacks, the present inventory will slowly be absorbed bringing supply and demand back into balance.

Phoenix, Arizona

1991 Population	2,183,438
Avg. Ann. Change (1991-96)	2.7%
1991 Med. Household Income	$35,584
Fortune 500 Corporate HQ	
Industrial	1
Service	5
Avg. Ann. Employment Growth (1991-96)	2.3%
Unemployment Rate	4.9%
Commercial Market: CBD	
Inventory (msf)	16.52
Vacancy Rate	25.5%
Weighted Avg. Rent	$19.44
Commercial Market: Non-CBD	
Inventory (msf)	29.44
Vacancy Rate	24.2%
Weighted Avg. Rent	$16.95
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	20.84
Office Service/High Tech	2.29

1991 Commercial Review

- Landlords discouraged free rent, choosing to be more creative with their concessions, including caps on operating expenses, moving allowances and reduced parking fees.
- Only one building was completed. The lack of construction deliveries and steady net absorption have contributed to reductions in the vacancy rate.

1992 Commercial Outlook

- Phoenix's employment and population growth rates are higher than the national averages. Job growth is expected to remain strong resulting in increased office demand.
- No projects are currently under construction which should result in a narrowing of the gap between supply and demand and a decreased vacancy rate.

1991 Industrial Review

- Construction financing for speculative buildings was virtually nonexistent; only one such construction permit was issued. Most under construction projects were build-to-suits.
- Because of its abundant labor pool and lower operating costs, Phoenix continued to attract companies, particularly credit card processing centers and manufacturers, from California.

1992 Industrial Outlook

- Minimal speculative construction is expected as lenders will require strong financial credentials and significant preleasing before financing projects.
- Landlords will continue to advertise effective rental rates and offer more creative concessions, such as periods of half rent and no-cost, above-standard improvements.

Portland, Oregon

1991 Population	1,256,296
Avg. Ann. Change (1991-96)	1.3%
1991 Med. Household Income	$31,134
Fortune 500 Corporate HQ	
Industrial	5
Service	4
Avg. Ann. Employment Growth (1991-96)	1.5%
Unemployment Rate	4.8%
Commercial Market: CBD	
Inventory (msf)	13.63
Vacancy Rate	15.9%
Weighted Avg. Rent	$18.90
Commercial Market: Non-CBD	
Inventory (msf)	9.75
Vacancy Rate	13.5%
Weighted Avg. Rent	$16.29
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	6.18
Office Service/High Tech	1.90

1991 Commercial Review

- Expansion by many businesses was curtailed due to recessionary pressures and corporate belt-tightening resulting in decreased net absorption.
- There was increased leasing activity by the public sector including the relocation of the Forest Service and the soon-to-be-completed state office building.

1992 Commercial Outlook

- The Southwest suburban class A market is becoming a landlord's market. Flex space will continue to be an attractive alternative especially for the larger office user.
- Rental rates are expected to increase slightly to moderately as the CBD rebounds from the past year's company consolidations.

1991 Industrial Review

- Credit-worthiness was a keen issue affecting transactions. As a result, new construction was significantly reduced and therefore speculative land sales were no longer feasible.
- Tenants delayed moves and expansions in response to the recession. Government regulations such as the Urban Growth Boundary and wetlands legislation inhibited development and growth.

1992 Industrial Outlook

- Rents in traditional industrial product will increase slightly as vacancies diminish and construction remains slow. Build-to-suit activity is expected to increase.
- Traditional manufacturing and distribution industries should rebound while the high technology market is expected to remain soft.

San Francisco, California

1991 Population	1,614,540
Avg. Ann. Change (1991-96)	0.7%
1991 Med. Household Income	$44,765
Fortune 500 Corporate HQ	
Industrial	5
Service	13
Avg. Ann. Employment Growth (1991-96)	1.9%
Unemployment Rate	4.5%
Commercial Market: CBD	
Inventory (msf)	40.44
Vacancy Rate	13.7%
Weighted Avg. Rent	$25.31
Commercial Market: Non-CBD	
Inventory (msf)	17.16
Vacancy Rate	15.3%
Weighted Avg. Rent	$20.71
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	....
Office Service/High Tech	....

1991 Commercial Review

- Business consolidations and relocations rendered a soft market; few large transactions transpired, as evidenced by rising vacancy rates and negative net absorption.
- Despite a steadily rising average rental rate over the last four years, decreasing demand since January 1991 has encouraged more aggressive rates and concessions.

1992 Commercial Outlook

- The merger of Bank of America and Security Pacific is expected to create additional available space as the company reassesses its real estate requirements.
- A decline in rental rates is anticipated to provide a catalyst for tenant migration from class B and C to class A buildings within the CBD.

San Francisco Peninsula, California

1991 Population	1,614,640
Avg. Ann. Change (1991-96)	0.7%
1991 Med. Household Income	$44,765
Fortune 500 Corporate HQ	
Industrial	5
Service	13
Avg. Ann. Employment Growth (1991-96)	1.5%
Unemployment Rate	4.5%
Commercial Market: CBD	
Inventory (msf)	....
Vacancy Rate	....
Weighted Avg. Rent	....
Commercial Market: Non-CBD	
Inventory (msf)	17.10
Vacancy Rate	16.9%
Weighted Avg. Rent	$21.12
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	3.67
Office Service/High Tech	0.68

1991 Commercial Review

- Although leasing activity increased over 1990 levels, many larger transactions involved existing tenant renewals rather than the relocation of new tenants to the market.
- Much of this increased leasing activity was generated by such large office users as Kaiser Permanente, the Prudential and Infoworld Publishing.

1992 Commercial Outlook

- Minimal new construction completions are planned and as a result the overall vacancy rate is expected to continue its gradual decline.
- The passage of Measure H, which would reduce development densities and square footages, could discourage future development and possibly reduce property values in the City of San Mateo.

1991 Industrial Review

- Three major transactions which occurred this year are Ziff Communications, World Gym and Genentech, who all exhibited their confidence in the marketplace.
- In the high technology sector, leasing activity was steady which caused the vacancy rate to decline since the beginning of the year.

1992 Industrial Outlook

- Due to the lack of new construction [illegible] and stable demand, industrial vacancy rates are expected to decrease steadily.
- Improving economic conditions and the resultant increase in industrial demand will determine the future success of the market in San Mateo County.

San Jose, California

1991 Population	1,516,616
Avg. Ann. Change (1991-96)	1.2%
1991 Med. Household Income	$51,915
Fortune 500 Corporate HQ	
Industrial	12
Service	0
Avg. Ann. Employment Growth (1991-96)	1.8%
Unemployment Rate	5.3%
Commercial Market: CBD	
Inventory (msf)	4.82
Vacancy Rate	17.2%
Weighted Avg. Rent	$23.16
Commercial Market: Non-CBD	
Inventory (msf)	23.15
Vacancy Rate	15.2%
Weighted Avg. Rent	$20.64
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	6.71
Office Service/High Tech	17.59

1991 Commercial Review

- The completion of several public and private amenities lured many firms into downtown San Jose decreasing the CBD vacancy rate.
- A boom in leasing activity occurred in the North San Jose Airport area, particularly in class A space.

1992 Commercial Outlook

- Decreasing average rents and attractive lease arrangements should continue to spark renewed leasing activity.
- The consolidation of Cupertino-based Apple Computer Inc. resulted in the addition of large blocks of high-quality sublease space which may attract companies unable to find suitable buildings elsewhere.

1991 Industrial Review

- Closer scrutiny by lending institutions made loans harder to procure, affecting both leasing activity and proposed construction.
- Declining rental rates encouraged leasing activity and the removal of sublease space from the market.

1992 Industrial Outlook

- The reconfiguration of Highway 101's North First Street offramps will increase access to the Golden Triangle, a prestigious location bordered by three major highways, resulting in increased leasing activity.
- Improved access to San Jose International Airport should increase the area's attractiveness to corporate tenants.

Seattle, Washington

1991 Population	2,017,587
Avg. Ann. Change (1991-96)	2.1%
1991 Med. Household Income	$36,921
Fortune 500 Corporate HQ	
Industrial	5
Service	7
Avg. Ann. Employment Growth (1991-96)	2.1%
Unemployment Rate	4.2%
Commercial Market: CBD	
Inventory (msf)	24.38
Vacancy Rate	14.3%
Weighted Avg. Rent	$20.99
Commercial Market: Non-CBD	
Inventory (msf)	5.28
Vacancy Rate	13.9%
Weighted Avg. Rent	$16.35
Industrial Market	
Available Space (msf)	
Manufacturing/Warehouse	4.51
Office Service/High Tech	0.11

1991 Commercial Review

- Tight financing and an oversupply of space brought CBD development to a halt at year-end. Below average net absorption and stable vacancy rates signaled a slowdown in overall market activity.
- Mergers, downsizings of firms, closures of branch offices and increased sublease opportunities reinforced the decline in demand.

1992 Commercial Outlook

- The consolidation of Seafirst (Bank of America) and Security Pacific Bank will bring additional space to an already overbuilt downtown market, further postponing future development.
- With no CBD development activity occurring, vacancy rates and rental concessions will decline, while rental rates will show a moderate increase, primarily for lease renewals.

1991 Industrial Review

- The transfer of more than 100 acres of land in the Kent Valley from Union Pacific Railroad to Birtcher Properties brought additional development opportunities to the market.
- Leasing activity in second-generation, older projects declined, while several newer industrial projects experienced stronger overall activity.

1992 Industrial Outlook

- Tight financing restrictions will result in fewer new speculative developments. Many proposed projects will be delayed until significant preleasing and stronger equity contributions are obtained.
- Vacancy rates, net absorption and development activity are expected to decline.

Amsterdam, Netherlands

Population	700,000
Unemployment rate	9.8%
Office Rental Rate	$23.00

1991 Commercial Review

- Amsterdam remains the Netherlands' leading office market location and rents in Amsterdam South rose to record levels.
- Many companies relocated from the traditional financial center in the canal area to the more prestigious Amsterdam South district.
- Demand was strong for both small and medium-sized office spaces.

1992 Commercial Outlook

- Occupiers will become more demanding in terms of flexibility and office facilities and it is likely that this trend will boost rental growth at the top end of the market. No real rental growth is expected for older office space.
- New developments in Amsterdam South include ABN-AMRO's 70,000-square meter headquarters office building.

Berlin, Germany

Population	3,418,900
Unemployment rate	14.0%
Office Rental Rate	$53.00

1991 Commercial Review

- The dramatic rise in rents for prime offices in West Berlin's Kurfurstendamm continued unabated resulting in an increase of over 50 percent since last December.
- Rents in the east of the city were even higher, but both here and in other major cities of the former East Germany, the levels were unrealistically high and reflected a virtually non-existent supply of modern office space.

1992 Commercial Outlook

- The strong growth in rents is expected to continue, particularly since the decision to name Berlin as Germany's capital.
- The supply of space is unlikely to meet current demand until 1995 at the very earliest at which time those major projects now in consideration should be completed.
- The amount of new space coming on the market over the next 4 to 7 years is estimated to be between 1.6 million and 2.3 million square meters.

Brussels, Belgium

Population	964,400
Unemployment rate	18.5%
Office Rental Rate	$21.00

1991 Commercial Review

- Office rents remained static since December 1990.
- Seventy-five percent of Belgium's office space is located in Brussels. The Quartier Leopold and the Decentralized sectors were the most active and each accounts for approximately 40 percent of total annual lettings.
- The average take-up of office buildings in recent years has been approximately 250,000 square meters. However, take-up increased to 400,000 square meters due to the European Commission (EC) leasing 120,000 square meters for the replacement for the Berlaymont building.

1992 Commercial Outlook

- Due to the growing importance and consolidation of the EC, Brussels is likely to become one of the major political and office centers over the next decade.
- Five hundred thousand square meters of new office space is due for completion within the next 12 to 18 months.
- The Flemish government's decision to build 50,000 square meters of administrative headquarters in the Bruxelles Nord Station will serve to encourage growth in this district.

Frankfurt, Germany

Population	627,500
Unemployment rate	5.2%
Office Rental Rate	$54.00

1991 Commercial Review

- Frankfurt remained Germany's largest and most important office center.
- The general level of demand greatly exceeded current and short term supply, with levels of vacant space consistently below 100,000 square meters. The overall vacancy rate was 1.5 percent with no available space in the core banking area.
- Take-up of space dipped in the early 1980s but since a surge in 1986 has been over 200,000 square meters per annum, with some 300,000 square meters in 1990.

1992 Commercial Outlook

- An increase in supply over the next 18 months is likely to cause an inevitable rise in vacancy rates and slowing of rental growth.
- Future demand for office space is estimated to be strong with take-up maintained at 200,000 square meters per annum.
- Frankfurt continues to offer less expensive office accommodations than any of its rivals which will ensure its important role as an occupational center within Europe.

London, England

Population	6,574,700
Unemployment rate	8.7%
Office Rental Rate	
West End	$92.61
City	$74.97
Midtown	$66.15

1991 Commercial Review

- Recessionary forces, particularly in the service sector, impacted heavily on confidence and take-up in London.
- Prime rents fell by 25 percent or more.
- Typically, a package equivalent to 2.5 years rent-free was available in the City for units of 10,000 sf or more, and one year in the West End. Almost all recent transactions were in new, air-conditioned offices.

1992 Commercial Outlook

- New supply should fall to 5.5 msf compared to 11.0 msf in 1991. However, weak demand for second-hand space is impeding take-up, and thus slowing a recovery in rental growth.
- Recent declines in rents make London more competitive compared to other European centers. Long term demand will be influenced by action taken to improve London's infrastructure and environment.
- Signs of economic recovery have been heralded in recent months by higher levels of active demand which are expected to lead to increased take-up in 1992 following the election. Demand will focus on top-quality, well-located properties and, in both the City and West End, prime property will witness the greater activity and earlier return to growth. An undersupply of prime space may emerge in the core areas while oversupply continues to hamper fringe markets.

Madrid, Spain

Population	3,120,700
Unemployment rate	12.4%
Office Rental Rate	$58.00

1991 Commercial Review

- Take-up of space slowed and there was very little growth since last December.
- The favored areas continued to be Castellana and Azca, with a greater attraction to the northern part of the Castellana.
- Expansion and rental growth were experienced to the north and east of the city and were helped by the completion of this section of the M-40 motorway.

1992 Commercial Outlook

- Business parks are now being developed around Madrid and will enhance the amount of modern and good quality office space available in the city.
- There will be an increase in the number of companies looking to relocate into newer buildings and an oversupply of out-of-town office accommodations.
- The real incentive to move will only arise once the government has passed a new law which will update the old rents to the current market level.

Milan, Italy

Population	3,985,400
Unemployment rate	6.0%
Office Rental Rate	$72.00

1991 Commercial Review

- There were no significant increases in rents in the office market.
- Demand for office space remained high and supply of quality office accommodations within the historic center and immediate environs remained limited.
- Vacancy rates were around zero percent in the center but were up to 30 percent in the periphery of the city.

1992 Commercial Outlook

- Rents are expected to change dramatically over the next six months.
- International demand for space is expected to continue growing with the representation of multi-national companies currently at 62 percent.
- The supply of office space is set to increase outside the historic center and much of the new supply is expected to be of higher quality than the existing stock.

Paris, France

Population	10,320,000
Unemployment rate	11.0%
Office Rental Rate	$70.00

1991 Commercial Review

- The office market slowed considerably, reflecting a general downturn in the economy.
- The level of take-up estimated at 1.8 million square meters for the Ile de France in 1990 failed to exceed 1.5 million square meters.
- Many companies put their expansion plans on hold and some have decided to relocate to less expensive and more efficient space outside Paris.

1992 Commercial Outlook

- The quality of offices will gradually improve as international companies demand representation in the center of Paris.
- The supply of office space in the city is set to increase in the medium term due to a number of designated redevelopment zones (ZAC.s).
- The two-tier office market will continue, with less price sensitivity in the high quality sector of demand.

Notes:

Rental Rates
Rental rates represent the highest average rents in the market.

Square Meter
One square meter equals 10.764 square feet.

Take-Up
Leasing activity.

Points of Information

All market data are based on November 15, 1991 figures.

Cushman & Wakefield supplies the market with the most comprehensive and up-to-date information possible. In each market survey, the numbers may vary somewhat due to building additions, deletions or other changes; therefore, inventory numbers may not match those reported last year.

Focus on Marketrends vacancy rates reflect both direct and sublet availabilities. Actual year-end vacancies will be reported in the fourth quarter Across the Nation.

Real Estate

CBD
The central business district or core downtown area which is the focus of most activity for surrounding areas, as defined by the local Cushman & Wakefield branch.

Class A
Buildings that are well-located, professionally managed, attract high-quality tenants and command upper-tier rental rates. Structures are modern with high finish or have been modernized to successfully compete with newer buildings.

Construction Deliveries
1991: Buildings which were completed by November 15, 1991 and any other projects which in all likelihood were completed by December 31, 1991.

1992: Buildings either under construction (project has broken ground) or proposed (project is in planning stages, has not yet broken ground) which have estimated completion dates in 1992.

1993: Buildings either under construction or proposed which have estimated completion dates in 1993.

Inventory
Only buildings with a CO (Certificate of Occupancy) as of December 31, 1991 are included in the 1991 inventory figures. Excludes owner-occupied buildings, government and medical facilities, and buildings under construction or proposed.

Land
Raw land represents unimproved land in its natural state.

Improved land represents land having on-site and or off-site improvements necessary for the construction of a structure.

Leasing Activity
The sum of all completed lease transactions in a given period of time including sublet space but excluding preleasing.

Net Absorption
The net change in occupied space for a given period of time excluding sublet space and preleasing activity.

New Construction
Buildings completed, with their CO, in the stated year. In this report, it is buildings completed in 1991.

Non-CBD

The surrounding area of the CBD. In some cases there is no defined CBD due to development trends and the lack of a dominant economic area. Subject to change as areas mature.

Rental Rates

Office rents represent gross annual asking rates. The weighted average does not include sublet space. Industrial rental rates represent triple net annual asking rates.

The weighted average rental rate represents an average rental rate which is weighted by the amount of square footage available at each respective rental rate.

Sales Activity

The sum of all completed sales transactions in a given period of time.

Vacancy Rates

Space, available both directly and through sublease, divided by the inventory. Space in buildings under construction is not included.

Demographics

Population and income data have been provided by Equifax Marketing Decision Systems, Inc. 1991 figures are estimates; 1996 figures are projections.

Unemployment data were obtained from the Department of Labor, Bureau of Labor Statistics.

Employment growth data represent average annual forecasts provided by the WEFA Group, for all industry categories.

Fortune 500 data are provided by Fortune, Inc.

All data are at the MSA (Metropolitan Statistical Area) level with the exception of Westchester and Fairfield County unemployment rates and Westchester County employment growth. Some markets contain data for more than one MSA.

Market names do not necessarily coincide with U.S. Census Bureau designations.

Symbols:
N/A: not available
---: does not apply
sf: square feet
psf: per square foot
msf: million square feet

OVERSIZE FOLDOUT(S) FOUND HERE IN THE PRINTED EDITION OF THIS VOLUME ARE FOUND FOLLOWING THE LAST PAGE OF TEXT IN THIS MICROFICHE EDITION.

SEE FOLDOUT NO 1

Cushman & Wakefield Offices

Headquarters
1166 Avenue of the Americas
New York, New York 10036

Arizona
Phoenix

California
Beverly Hills/Century City
Contra Costa
Los Angeles
Los Angeles North
Los Angeles South
Newport Beach/Irvine
Oakland
Ontario
Orange/Anaheim
San Francisco
San Francisco Peninsula
San Jose

Colorado
Denver

Connecticut
Hartford
Stamford

District of Columbia
Washington
Washington Suburban
Vienna, VA

Florida
Ft. Lauderdale
Miami
Orlando
Tampa

Georgia
Atlanta

Illinois
Chicago
Chicago Suburban

Kentucky
Louisville

Massachusetts
Boston

Michigan
Detroit

Missouri
St. Louis

New Jersey
East Rutherford
Parsippany

New York
Long Island
New York (Downtown)
New York (Midtown)

Oregon
Portland

Pennsylvania
Lehigh Valley
Philadelphia
Pittsburgh

Tennessee
Memphis

Texas
Austin
Dallas
Dallas Suburban
Houston
San Antonio

Washington
Bellevue
Seattle

Healey & Baker Offices

Head Office
29 St. George Street
Hanover Square
London W1A 4HQ

United Kingdom
London (West End)
London (City)
Glasgow

Belgium
Brussels

Channel Islands
Jersey

France
Paris

Germany
Berlin
Düsseldorf
Frankfurt
Hamburg

Italy
Bologna
Milan

The Netherlands
Amsterdam

Portugal
Lisbon

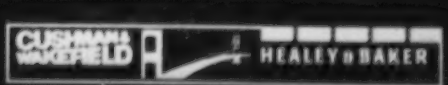
Spain
Barcelona
Madrid

Sweden
Stockholm

USA
New York

Healey & Baker also has correspondent offices in Athens, Belfast, Budapest, Dublin, Geneva, Istanbul, Vienna and Warsaw.

Design: Steve Burnett Inc. NYC


CLUTTONS
WAKEFIELD
HEALEY & BAKER

B2800-3

(1)

Office Vacancy Rates

Total Office Inventory
(in Million Square Feet)

		CBD		Non-CBD		CBD		Non-CBD	
		1990	1991	1990	1991	1990	1991	1990	1991
East	**Boston MA**	17.2%	19.2%	22.1%	20.9%	45.64	46.64	48.78	48.75
	Fairfield County CT	28.5%	31.1%	22.1%	23.9%	5.91	5.91	32.11	32.11
	Hartford CT	16.8%	19.5%	22.2%	28.3%	8.29	8.29	16.19	16.41
	Long Island NY	••••	••••	19.0%	20.4%	••••	••••	26.38	27.04
	New Haven CT	36.3%	35.6%	29.3%	31.0%	2.88	2.88	5.80	5.79
	New York–Downtown NY	18.2%	18.8%	••••	••••	108.03	108.03	••••	••••
	New York–Midtown NY	16.5%	17.3%	••••	••••	246.51	247.60	••••	••••
	Northern NJ	••••	••••	20.2%	24.5%	••••	••••	115.37	117.38
	Northern VA	••••	••••	17.3%	17.5%	••••	••••	82.06	82.55
	Philadelphia PA	11.9%	14.2%	20.6%	20.9%	37.71	37.95	39.68	40.04
	Pittsburgh PA	16.8%	15.9%	17.9%	18.8%	23.96	23.96	12.75	12.90
	Princeton NJ	••••	••••	15.2%	16.6%	••••	••••	13.36	13.47
	Southern NH	••••	••••	14.0%	15.2%	••••	••••	2.83	2.83
	Suburban MD	••••	••••	17.2%	18.5%	••••	••••	38.48	38.51
	Washington DC	11.5%	12.4%	••••	••••	75.51	78.83	••••	••••
	Westchester County NY	21.9%	27.7%	12.7%	15.1%	6.43	6.43	25.55	25.62
Midwest	**Chicago IL**	18.4%	20.5%	21.1%	22.9%	109.50	111.64	65.11	66.48
	Detroit MI	14.3%	16.7%	20.2%	20.3%	12.15	12.15	42.75	43.50
South	**Atlanta GA**	24.2%	22.8%	19.6%	19.4%	12.46	12.53	69.24	71.27
	Austin TX	22.1%	23.6%	26.4%	19.6%	6.70	6.61	14.34	14.12
	Boca Raton FL	••••	••••	33.5%	29.7%	••••	••••	5.82	5.92
	Dallas TX	28.7%	30.2%	25.2%	26.1%	31.55	31.52	96.48	96.27
	Ft. Lauderdale FL	22.2%	23.3%	22.8%	26.1%	2.85	3.28	12.23	12.68
	Houston TX	23.0%	21.9%	26.8%	24.8%	35.95	35.37	104.61	103.90
	Louisville KY	11.7%	18.8%	13.6%	14.1%	6.91	7.63	5.45	5.51
	Memphis TN	23.9%	23.1%	17.4%	16.1%	3.40	3.40	11.46	11.49
	Miami FL	29.2%	27.2%	20.8%	21.4%	10.96	11.19	20.82	21.47
	Orlando FL	16.9%	15.6%	17.5%	17.9%	5.18	5.18	12.31	12.31
	San Antonio TX	31.5%	34.5%	29.0%	25.9%	5.21	5.04	14.57	14.42
	Tampa FL	27.6%	24.2%	20.1%	16.2%	5.78	5.78	14.57	14.60
	West Palm Beach FL	25.1%	26.8%	27.0%	30.8%	2.25	2.25	6.62	6.62
West	**Bellevue WA**	12.8%	10.0%	14.5%	16.4%	3.77	3.77	10.46	11.04
	BeverlyHills/Century City CA	••••	••••	21.0%	22.6%	••••	••••	38.35	39.86
	Contra Costa CA	••••	••••	17.6%	16.8%	••••	••••	22.01	22.18
	Denver CO	20.8%	22.4%	23.5%	21.4%	24.02	24.02	47.75	47.91
	Los Angeles CA	17.0%	25.2%	16.5%	18.7%	23.96	27.70	40.83	42.78
	Los Angeles North CA	••••	••••	19.5%	21.5%	••••	••••	35.64	37.46
	Los Angeles South CA	••••	••••	24.1%	23.0%	••••	••••	31.51	32.07
	Newport Beach/Irvine CA	23.4%	25.3%	26.0%	22.7%	22.27	24.13	7.55	7.60
	Oakland CA	15.9%	15.6%	17.9%	19.8%	11.13	11.19	10.85	11.09
	Ontario CA	••••	••••	29.1%	22.5%	••••	••••	6.92	7.04
	Orange/Anaheim CA	16.9%	18.3%	22.5%	20.1%	8.77	8.97	9.20	9.29
	Phoenix AZ	28.8%	25.5%	26.0%	24.2%	16.04	16.52	29.44	29.44
	Portland OR	15.3%	15.9%	14.5%	13.5%	13.39	13.63	9.58	9.75
	San Francisco CA	13.4%	13.7%	15.1%	15.3%	40.23	40.44	16.72	17.16
	San Francisco Peninsula CA	••••	••••	17.5%	16.9%	••••	••••	16.57	17.10
	San Jose CA	21.7%	17.2%	13.8%	15.2%	4.82	4.82	23.07	23.15
	Seattle WA	14.3%	14.3%	10.9%	13.9%	23.95	24.38	4.96	5.28

Office Rental Rates
(Weighted Average Class A Asking Rates)

Office Construction Deliveries
(in Million Square Feet)

CBD		Non-CBD		CBD			Non-CBD				
1990	1991	1990	1991	1991	1992	1993	1991	1992	1993		
$32.21	$28.46	$21.02	$19.22	1.00	0	0.70	0.15	0.09	0.40	**Boston MA**	*East*
$25.27	$25.05	$23.66	$22.45	0	0	0	0	0	0	**Fairfield County CT**	
$27.63	$26.09	$22.17	$20.58	0	0	0	0.12	0	0	**Hartford CT**	
••••	••••	$24.58	$23.08	••••	••••	••••	0.57	0	0.06	**Long Island NY**	
$23.19	$22.57	$18.61	$18.33	0	0	0	0	0	0	**New Haven CT**	
$34.22	$32.99	••••	••••	0	0.05	0	••••	••••	••••	**New York–Downtown NY**	
$41.16	$38.88	••••	••••	1.09	2.04	2.29	••••	••••	••••	**New York–Midtown NY**	
••••	••••	$22.02	$22.06	••••	••••	••••	2.67	3.43	0.50	**Northern NJ**	
••••	••••	$23.87	$21.73	••••	••••	••••	1.00	0.07	0.67	**Northern VA**	
$24.59	$23.48	$19.14	$18.51	0	0	0.95	0.34	0.42	0.28	**Philadelphia PA**	
$20.09	$20.63	$17.61	$17.90	0	0	0	0.16	0.19	0	**Pittsburgh PA**	
••••	••••	$22.15	$22.25	••••	••••	••••	0.17	0	0.30	**Princeton NJ**	
••••	••••	$15.52	$14.52	••••	••••	••••	0	0.18	0	**Southern NH**	
••••	••••	$23.33	$22.27	••••	••••	••••	0.39	0	1.03	**Suburban MD**	
$36.78	$37.79	••••	••••	3.63	3.19	0.11	••••	••••	••••	**Washington DC**	
$25.01	$22.62	$22.35	$21.07	0	0	0	0.07	0.13	0.11	**Westchester County NY**	
$30.54	$31.54	$23.88	$23.97	1.83	3.67	0	1.57	0	0.10	**Chicago IL**	*Midwest*
$17.05	$16.97	$18.94	$18.98	0	0.96	0	0.76	1.17	0.26	**Detroit MI**	
$26.15	$20.25	$22.47	$23.20	0	1.20	0	2.32	1.99	0.92	**Atlanta GA**	*South*
$16.91	$17.89	$10.03	$12.57	0	0	0	0	0	0	**Austin TX**	
••••	••••	$22.45	$20.98	••••	••••	••••	0.10	0	0	**Boca Raton FL**	
$22.08	$20.02	$14.47	$14.42	0	0	0	0.51	0	0.28	**Dallas TX**	
$24.63	$23.93	$19.10	$17.99	0.43	0	0	0.20	0.05	0.37	**Ft. Lauderdale FL**	
$16.51	$17.67	$13.73	$14.83	0	0	0	0.11	0.60	0.48	**Houston TX**	
$16.95	$17.15	$16.00	$15.92	0.60	1.03	0	0.03	0.18	0	**Louisville KY**	
$14.55	$14.15	$16.11	$15.66	0	0	0.45	0.16	0	0.57	**Memphis TN**	
$28.32	$26.33	$19.03	$17.87	0	0.20	0	0.75	0.27	0.44	**Miami FL**	
$22.53	$23.34	$18.03	$16.78	0	0	0	0	0.14	0	**Orlando FL**	
$11.86	$12.76	$10.90	$11.39	0	0	0	0	0	0	**San Antonio TX**	
$21.71	$21.68	$16.52	$16.52	0	1.08	0	0.08	0	0	**Tampa FL**	
$26.30	$25.71	$19.28	$18.43	0	0	0	0	0	0.05	**West Palm Beach FL**	
$21.44	$20.20	$19.55	$20.50	0	0	0.17	0.58	0.42	0.70	**Bellevue WA**	*West*
••••	••••	$33.24	$32.04	••••	••••	••••	1.48	0.64	0.67	**BeverlyHills/Century City CA**	
••••	••••	$19.32	$19.08	••••	••••	••••	0.17	0.81	0.41	**Contra Costa CA**	
$11.93	$12.18	$13.54	$14.24	0	0	0	0.15	0	0	**Denver CO**	
$30.19	$29.79	$24.36	$24.75	3.72	1.70	0	1.39	0	0	**Los Angeles CA**	
••••	••••	$25.80	$26.64	••••	••••	••••	1.82	0.34	0.48	**Los Angeles North CA**	
••••	••••	$22.20	$22.32	••••	••••	••••	0.56	0.21	0	**Los Angeles South CA**	
$22.44	$22.56	$22.92	$21.60	1.86	0	0	0.05	0	0.25	**Newport Beach/Irvine CA**	
$25.80	$25.92	$21.36	$20.04	0.06	0	0.41	0.21	0.03	0.66	**Oakland CA**	
••••	••••	$20.04	$19.44	••••	••••	••••	0.12	0.19	0.50	**Ontario CA**	
$21.12	$20.28	$20.64	$20.40	0.20	0	1.50	0.09	0	0.52	**Orange/Anaheim CA**	
$20.87	$19.44	$18.84	$16.95	0.48	0	0	0	0	0	**Phoenix AZ**	
$20.28	$18.90	$15.77	$16.29	0.24	0	0	0.18	0	0.12	**Portland OR**	
$26.89	$25.31	$20.55	$20.71	0.14	0	0.82	0.39	0	0	**San Francisco CA**	
••••	••••	$22.32	$21.12	••••	••••	••••	0.53	0.03	0.25	**San Francisco Peninsula CA**	
$23.28	$23.16	$20.52	$20.64	0	0	0.36	0.03	0.73	0.26	**San Jose CA**	
$22.16	$20.99	$16.17	$16.35	0.43	0	0.55	0.32	0.29	0	**Seattle WA**	

(2)

1991 Industrial Available Space
(in Million Square Feet)

Industrial Rental Rate Ranges
(Net Annual Asking Rates)

		Warehouse/ Manufacturing	High Tech/ Office Service	Warehouse/ Manufacturing		High Tech/ Office Service	
				1990	1991	1990	1991
East	**Boston MA**	17.09	10.61	$3.00–8.50	$2.50–8.50	$4.50–12.00	$3.50–12.00
	Fairfield County CT	••••	••••	••••	••••	••••	••••
	Hartford CT	••••	••••	••••	••••	••••	••••
	Long Island NY	19.63	4.13	$4.00–8.00	$3.50–8.00	$6.00–12.00	$6.00–12.00
	New Haven CT	••••	••••	••••	••••	••••	••••
	New York–Downtown NY	••••	••••	••••	••••	••••	••••
	New York–Midtown NY	••••	••••	••••	••••	••••	••••
	Northern NJ	58.18	8.47	$2.00–6.95	$2.00–6.50	$3.00–15.00	$5.50–13.00
	Northern VA	4.88	7.30	$3.85–12.50	$2.00–13.50	$3.50–17.75	$2.00–19.75
	Philadelphia PA	41.09	11.98	$1.45–5.00	$0.35–5.50	$4.75–13.00	$2.25–13.50
	Pittsburgh PA	20.14	0.88	$1.11–9.23	$1.00–10.00	$5.00–15.00	$3.00–18.00
	Princeton NJ	9.55	2.01	$2.00–5.25	$2.25–5.00	$2.79–13.75	$4.50–13.00
	Southern NH	••••	••••	••••	••••	••••	••••
	Suburban MD	••••	••••	••••	••••	••••	••••
	Washington DC	••••	••••	••••	••••	••••	••••
	Westchester County NY	••••	••••	••••	••••	••••	••••
Midwest	**Chicago IL**	75.68	5.35	$2.25–7.50	$2.00–6.50	$6.00–13.00	$6.00–13.50
	Detroit MI	34.48	5.73	$1.00–6.65	$1.00–6.75	$4.00–13.00	$3.50–13.00
South	**Atlanta GA**	38.37	4.36	$1.75–4.50	$1.50–4.50	$5.50–11.50	$5.00–9.50
	Austin TX	7.84	6.91	$3.00–6.00	$2.60–5.40	$7.20–9.00	$5.40–7.00
	Boca Raton FL	1.35	0.57	$3.50–5.50	$2.50–4.50	$4.50–12.00	$4.50–12.00
	Dallas TX	25.93	4.97	$2.25–3.50	$2.25–3.50	$4.50–8.00	$4.50–8.00
	Ft. Lauderdale FL	6.30	1.55	$3.50–5.50	$2.50–4.50	$4.50–12.50	$4.50–8.00
	Houston TX	25.35	4.16	$1.50–3.00	$1.80–3.00	$3.60–8.40	$3.60–8.40
	Louisville KY	4.07	0.14	$2.25–4.00	$1.25–3.75	$5.50–7.00	$5.50–7.50
	Memphis TN	11.23	1.03	$1.00–3.50	$1.25–3.50	$4.50–10.00	$4.50–12.00
	Miami FL	11.73	1.08	$2.50–5.50	$2.50–5.50	$6.00–10.00	$6.00–10.50
	Orlando FL	4.99	1.50	$1.85–4.25	$1.85–3.50	$5.50–14.00	$4.00–9.00
	San Antonio TX	7.78	1.63	$1.80–2.40	$1.44–3.00	$3.00–7.20	$3.00–6.60
	Tampa FL	5.70	1.13	$2.50–5.25	$2.00–5.25	$6.50–11.00	$6.00–11.50
	West Palm Beach FL	1.57	0.37	$3.50–5.50	$2.50–4.50	$4.50–11.50	$4.50–8.00
West	**Bellevue WA**	0.59	1.33	$4.20–8.40	$4.20–8.40	$9.00–12.60	$5.40–12.60
	BeverlyHills/Century City CA	••••	••••	••••	••••	••••	••••
	Contra Costa CA	4.02	1.25	$2.04–6.24	$2.52–5.76	$4.80–11.40	$3.00–11.40
	Denver CO	13.73	3.10	$1.50–5.50	$1.50–6.00	$4.50–7.50	$3.00–8.00
	Los Angeles CA	55.84	3.60	$3.00–5.04	$2.16–12.00	$7.40–13.08	$4.80–19.80
	Los Angeles North CA	17.75	4.43	$3.80–7.20	$3.48–7.00	$5.40–15.48	$5.00–14.40
	Los Angeles South CA	28.13	2.69	$3.84–6.84	$2.88–7.20	$8.28–12.36	$4.80–13.20
	Newport Beach/Irvine CA	10.11	6.79	$4.96–7.55	$4.56–6.72	$7.42–10.54	$7.56–10.44
	Oakland CA	17.29	2.05	$2.88–5.04	$2.33–6.30	$3.60–6.60	$5.40–12.50
	Ontario CA	13.12	1.80	$3.12–4.08	$2.64–4.20	$6.36–10.20	$4.56–8.40
	Orange/Anaheim CA	10.79	2.20	$3.60–6.00	$3.48–5.55	$5.76–12.00	$5.61–8.28
	Phoenix AZ	20.84	2.29	$2.16–7.20	$2.16–9.84	$5.40–10.20	$1.32–10.80
	Portland OR	6.18	1.90	$2.28–3.36	$2.28–3.60	$7.44–9.00	$3.24–9.60
	San Francisco CA	••••	••••	••••	••••	••••	••••
	San Francisco Peninsula CA	3.67	0.68	$4.20–8.40	$4.20–7.80	$7.80–15.00	$9.60–15.00
	San Jose CA	6.71	17.59	$3.24–8.04	$3.00–9.00	$6.60–23.40	$5.82–19.20
	Seattle WA	4.51	0.11	$3.12–4.50	$3.00–4.20	$5.40–7.20	$3.60–4.20

1991 Industrial Transaction Activity
(in Million Square Feet)

Industrial Land Prices
(in Thousands/Acre)

Leasing	Sales	Raw Land 1990	Raw Land 1991	Improved Land 1990	Improved Land 1991		
5.87	0.34	$30–175	$30–150	$50–250	$50–225	Boston MA	*East*
••••	••••	••••	••••	••••	••••	Fairfield County CT	
••••	••••	••••	••••	••••	••••	Hartford CT	
4.81	1.20	$144–900	$125–500	$167–900	$150–600	Long Island NY	
••••	••••	••••	••••	••••	••••	New Haven CT	
••••	••••	••••	••••	••••	••••	New York–Downtown NY	
••••	••••	••••	••••	••••	••••	New York–Midtown NY	
14.56	2.26	$150–500	$150–500	$250–600	$250–600	Northern NJ	
2.41	0.72	$39–261	$39–218	$98–305	$98–261	Northern VA	
7.91	2.44	$25–60	$25–60	$35–200	$35–125	Philadelphia PA	
3.47	2.17	$10–50	$10–50	$40–150	$30–250	Pittsburgh PA	
3.05	0.10	$60–200	$60–200	$100–350	$100–350	Princeton NJ	
••••	••••	••••	••••	••••	••••	Southern NH	
••••	••••	••••	••••	••••	••••	Suburban MD	
••••	••••	••••	••••	••••	••••	Washington DC	
••••	••••	••••	••••	••••	••••	Westchester County NY	
18.61	7.79	$22–152	$15–109	$44–261	$33–240	Chicago IL	*Midwest*
8.33	3.89	$15–75	$15–75	$55–185	$22–240	Detroit MI	
12.87	6.01	$25–110	$20–110	$65–125	$45–125	Atlanta GA	*South*
N/A	N/A	N/A	$3–100	N/A	$30–200	Austin TX	
N/A	N/A	$150–200	$50–150	$200–250	$100–200	Boca Raton FL	
11.79	5.12	$15–30	$12–33	$50–160	$54–152	Dallas TX	
N/A	N/A	$125–225	$50–150	$150–250	$100–200	Ft. Lauderdale FL	
8.02	2.30	$10–60	$10–60	$65–160	$65–160	Houston TX	
1.07	0.22	$15–25	$15–25	$25–70	$27–80	Louisville KY	
N/A	N/A	$7–50	$2–35	$40–500	$30–150	Memphis TN	
3.95	1.43	$100–175	$75–150	$200–500	$150–350	Miami FL	
1.77	0.38	$79–98	$45–90	$98–150	$78–150	Orlando FL	
N/A	N/A	$28–44	$15–20	$37–131	$22–65	San Antonio TX	
1.96	1.05	$65–196	$13–17	$109–240	$70–152	Tampa FL	
N/A	N/A	$100–150	$50–150	$150–200	$100–200	West Palm Beach FL	
1.72	0	$109–200	$109–218	$218–435	$218–523	Bellevue WA	*West*
••••	••••	••••	••••	••••	••••	BeverlyHills/Century City CA	
2.88	0.32	$76–192	$44–338	$156–338	$87–403	Contra Costa CA	
4.03	5.42	$10–33	$11–33	$44–174	$30–131	Denver CO	
12.59	4.71	••••	••••	$73–2,657	$479–8,712	Los Angeles CA	
5.35	1.46	$190–625	$125–625	$550–1,089	$450–700	Los Angeles North CA	
7.47	1.33	••••	••••	$653–1,307	$653–1,220	Los Angeles South CA	
5.19	0.74	••••	••••	630–800	$348–610	Newport Beach/Irvine CA	
5.99	3.32	$76–327	$196–218	$250–436	$109–305	Oakland CA	
4.06	1.18	$196–240	$131–218	$207–327	$196–240	Ontario CA	
3.18	0.80	$392–784	••••	$348–849	$357–653	Orange/Anaheim CA	
8.85	1.10	$30–65	$22–65	$65–152	$35–131	Phoenix AZ	
2.69	2.14	$55–87	$44–87	$72–174	$65–174	Portland OR	
••••	••••	••••	••••	••••	••••	San Francisco CA	
2.49	1.55	$348–436	$436–523	$523–697	$523–697	San Francisco Peninsula CA	
8.62	1.66	$55–162	$55–162	$226–958	$196–1,307	San Jose CA	
4.38	0.37	$131–240	$87–131	$174–283	$185–218	Seattle WA	